Gram Equipment A/S

Nordager 6, 6000 Kolding

CVR no. 21 27 42 08

Annual report 2017

Approved at the Company's annual general meeting on 5/7 - 2018

Chairman:

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Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Gram Equipment A/S for the financial year 1 January - 31 December 2017.

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 financial position of the Group and the Company at 31 December 2017 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 2017.

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.

Kolding, 5 July 2018
Executive Board:

Hans Viggaard	Tom Niels Wrensted	Anders Torbensen

Board of Directors:

Anders Wilhjelm Chairman	Thomas Broe-Andersen	Adeline Anna Nicole Jennische
Nicolai Peter Norrbom	Kurt Overgaard Pedersen	Nils Wesenberg Jensen

Independent auditor's report

To the shareholder 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 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. 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 2017, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Emphasis of matter in the financial statements

We draw attention to note 2 in the consolidated and parent company financial statements where Management has described the refinancing and new additional funding established in 2018. Based on the refinancing and the new additional funding established in 2018, Management's updated budgets and forecasts on the operations and liquidity, and with considerations given to the operational issues encountered during 2017 and continuing into 2018, Management has concluded that the Company has sufficient liquidity resources to carry out its operations in 2018 and accordingly have prepared the financial statements for 2017 on a going concern basis.

We have not modified our opinion in respect of this matter.

Management's responsibilities for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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 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.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the 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 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 financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Kolding, 5 July 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Steen Skorstengaard	Michael Vakker Maass
State Authorised Public Accountant	State Authorised Public Accountant
MNE no.: mne19709	MNE no.: mne32772

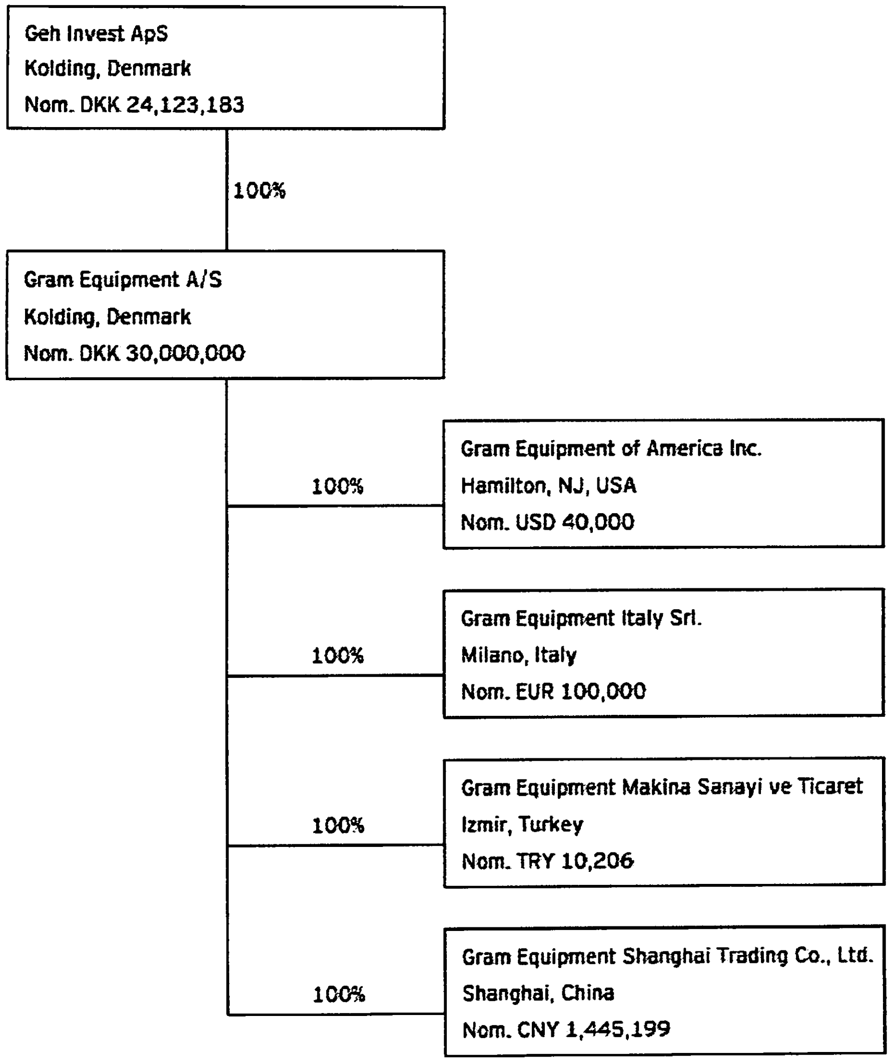
Management's review

Company details

Name	Gram Equipment A/S
Address, Postal code, City	Nordager 6, 6000 Kolding
CVR no.	21 27 42 08
Established	1 November 1998
Registered office	Kolding
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	Anders Wilhjelm, Chairman Thomas Broe-Andersen Adeline Anna Nicole Jennische Nicolai Peter Norrbom Kurt Overgaard Pedersen Nils Wesenberg Jensen
Executive Board	Hans Viggaard Tom Niels Wrensted 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	2017	2016	2015	2014	2013
Key figures					
Revenue	701	636	545	385	336
Gross margin	137	239	226	145	136
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-89	38	27	13	22
Operating profit/loss	-178	24	16	7	17
Net financials	-21	-12	-8	-1	-3
Profit/loss for the year	**-183**	**8**	**4**	**3**	**9**
Total assets	617	603	586	515	194
Equity	**-49 ***	**162**	**144**	**103**	**45**
Investment in property, plant and equipment	-14	-4	-10	-4	-1
Total cash flows	**-85**	**-24**	**1**	**-25**	
Financial ratios					
Operating margin	-25.4%	3.8%	2.9%	1.8 %	5.1 %
Gross margin	19.5%	37.6%	41.5%	37.7%	40.5%
Equity ratio	-7.9%	26.9%	24.6%	20.0%	23.2%
Return on equity	-323.3%	5.3%	3.2%	4.1%	20.0%
Average number of employees	**361**	**346**	**312**	**331**	**194**

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

Operating margin $$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$$

Gross margin ratio $$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$$

Equity ratio $$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$$

Return on equity $$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$$

No cash flow statement was prepared before 2014.

* Regarding negative equity in 2017 we refer to "Group financing" in the Management's review for a description of the substantial equity recapitalization amounting to DKK 312 million implemented by the new owners after the balance sheet date.

Management's review

New owners, board and management

At the outset, we emphasize that neither the current owner, the current top management nor any of the current members of the Board of Directors elected by the general meeting had any involvement with the Group during the financial year of 2017. The 2017 results are entirely the product of the previous leadership's management of the Group during their term of office.

As a consequence of the highly unsatisfactory performance of the business during 2017, the previous top management was replaced in 2018. All previous members of the Board of Directors elected by the general meeting under the previous owners resigned on 29 Janurary 2018 in connection with the acquisition of the Group by its new parent company, Kg BidCo ApS.

Misstatement in 2016 annual report

In 2017, after the previous Board of Directors and top management issued the 2016 annual report, a material error was identified in the 2016 annual report. The material error relates to intercompany transactions being wrongly recognized and wrongly eliminated. As a result, the profit before tax in the 2016 annual report of the Group and parent company was overstated by DKK 12.8 million and profit for the year was overstated by DKK 10 million.

The material error has been recognised directly in the equity and the comparative figures for Revenue, Income tax, Deferred tax and Trade payables/ Payables to group enterprises have been corrected accordingly. The material error has no effect on the Profit/loss before tax nor Profit/loss for the year in 2017.

Business review

The Gram Equipment Group is an engineering business delivering design, sale and installation of equipment and production lines, as well as spare parts and services to the global ice cream industry.

The mission of Gram Equipment is to ensure our customers' success in the ice cream industry by providing know-how, innovative solutions and global service. Gram Equipment's portfolio is sold worldwide directly to the customers through our own sales and service organization, and also through a network of agents.

Financial review

Revenue amounts to DKK 701 million against DKK 636 million last year. EBITDA amounts to a loss of DKK -89 million against a profit of DKK 38 million last year. Loss for the year after tax amounts to DKK -183 million against a profit of DKK 8 million last year. The result for 2017 is highly unsatisfactory. The significant loss is a result of the severe mismanagement of the Group by the previous leadership, whose aggressive attempt to scale the business beyond its means resulted in, inter alia, delivery delays, quality issues, productivity loss, unwarranted cost increase and liquidity constraints.

The result has also been negatively impacted by a significant impairment writedown on goodwill amounting to DKK 72.5 million due to the long term negative impact of the mismanagement. The significant impairment writedown has contributed to the DKK -49 million of negative equity of the Company as at the balance sheet date. As mentioned under "Group financing" below, the new owners have a injected DKK 312 million of new equity into the Company after the balance sheet date thereby significantly re-balancing the solidity of the Company.

With new owners and new management in place, focus for the Group will now be on 'fixing the basics' to regain the 'right to play' after the highly unsatisfactory 2017 performance. During 2018 and beyond, focus will hence be on returning to delivering quality machinery and process solutions in a timely manner to our valued customers, to paying suppliers on time, as well as to recreate an attractive work environment for our employees.

Group financing

On 29 January 2018, the Group was acquired by its new parent company, Kg BidCo ApS, and in that connection the Group was refinanced. The following financing structure was put in place for the coming 6-7 years:

- A bank loan in the amount of EUR 48 million (c. DKK 357 million) used as part of funding the aquisition and a cash contribution to the company.
- A line of credit in the amount of EUR 25 million (c. DKK 186 million)

Management's review

The refinancing also rebalanced the solidity of Gram Equipment A/S as the adjusted equity per 31 December 2017 for Gram Equipment A/S would have been c. DKK 263 million after a Tax-exempt contribution from Kg BidCo ApS on 29 January 2018 of c. DKK 252 million to refinance existing debt in Gram Equipment A/S and additional Tax-exempt contributions from Kg BidCo ApS of DKK 60 million to provide additional funding to Gram Equipment A/S as described below.

Had the refinancing, including the Tax-exempt contribution of EUR 8 million mentioned below occurred on 31 December 2017, the solidity of Gram Equipment A/S would be c. 45% everything else equal.

As a result of the mismanagement of the Group in 2017 by the previous leadership, and the ensuing significant loss, the Group's liquidity suffered in 2017 as well as into 2018. To secure sufficient liquidity, the new owners and the banks have following the acquisition negotiated the following additional long-term funding to the Group:

- Additional lines of credit in the amount of EUR 15 million (c. DKK 112 million)
- A Tax-exempt equity contribution to the Company in the amount of EUR 8 million (c. DKK 60 million)

The loans are subject to financial covenants.

Despite the significant losses and uncertainty pertaining to the results for 2018, the new funding in place will, based on the current budgets and forecasts, provide the Group with sufficient liquidity for 2018 and a foundation for the new management to focus on 'fixing the basics' as further described under "Outlook" below.

Risks

Currency risks

The Group sells its products and services globally and invoices predominantly in EUR and USD. Further, the Group has significant receivables and payables in both currencies.

Consequently the Group is exposed to currency development between DKK, EUR and USD. The Group benefits to some extent from natural hedges due to EUR and USD denominated cost and given its establishment in the US. Management assesses hedging of foreign exchange exposure on a case by case basis.

Project risks

A significant part of the Group's revenues relate to delivery of larger turnkey projects. Therefore, it is important that the Group has controls and procedures in place to ensure proper project governance and control. Project governance and controls were not adequate in 2017, and the new top management has therefore started to implement new control procedures to improve project governance and management and reduce such risks within the Group.

Liquidity risks

Several of the Group's larger turnkey projects incorporate customer prepayments and milestone payments when certain agreed milestones are met. The Group's ability to manage such customer contracts, including by ensuring timely fulfillment of milestone conditions and collection of payments, is important to manage the Group's liquidity. The new top management has started to implement new control procedures to improve project liquidity and forecasting to reduce such risks within the Group.

Credit risks

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

Management's review

Non-financial matters

With new owners and new management taking responsibility as of Q1 2018, Gram Equipment's strategy is to be ice cream producers' preferred supplier of equipment and process solutions, with emphasis on quality, efficiency, on-time delivery and value-added services. At the same time, Gram Equipment wants to be an attractive employer, as well as a fair and good customer of its suppliers.

Knowledge resources

Gram Equipment employs own staff with specialized engineering and technical backgrounds in both sales, design, purchase, assembly, service, and installation. In peaks, additional staff is hired in on fixed-term arrangements.

Research and development activities

Gram Equipment continuously works on improvements of existing platforms and technologies and develops new features to maintain its position as global technology leader.

Statutory CSR report

Social and environmental responsibility is important to Gram Equipment. The Group is certified as a Responsible Business Partner by Green Network. Furthermore, Gram Equipment is a member of the Supplier Ethical Exchange - SEDEX and was certified according to the URSA standard in January 2017.

Human Rights

Gram Equipment is committed to respecting human rights, and has developed policies and procedures to guide employees, suppliers, partners and local communities. Furthermore, the Group 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. Most employees are trained in applying the CoC, and suppliers are expected to demonstrate their commitment to the CoC by signing and implementing this accordingly. Suppliers, representing 80% of the Group turnover, have signed the CoC. The goal for 2018 is to train and repeat training of all employees by submitting on-line training facility to reach out to overseas employees.

Gram Equipment is not aware of any human rights violations or any breach of the Supplier Code of Conduct in 2017.

Social initiatives in 2017

Gram Equipment initiated several external initiatives. Examples include:

- Collaboration with local schools and university to support students in their education.
- Delivering surplus food from the canteen in Kolding to a center for homeless instead of wasting it.
- Donating furniture from the old Danish production sites to schools for reuse e.g. in a school in Aarhus; and sponsorships to children of employees (e.g. football shirts for sport teams).
- As an internal activity, senior staff members have been offered flexible working hours in order to retain their jobs and improve work/life balance.

Climate and Environment

Gram Equipment does not have specific policies concerning climate and environment. In 2017 the Group moved to one new facility in Denmark instead of two. By consolidating offices and updating the new production facilities the aim was also to make the production more efficient, as well as reduce environmental impact.

Management's review

Account of the gender composition of Management

It is Group policy that management positions are taken up by the best qualified candidates, and that the Group 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 for each managerial position. In 2017 two female managers were recruited to the Operations department as the first ones ever. 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 Group. It is a stated objective of the Group that the Board of Directors is represented by at least one of each gender no later than in 2018. The Group did not meet this objective in 2017. Under the new management and ownership, the Group will meet the objective in 2018.

Outlook

The new top management and new owners expect the mismanagement of the Group in 2017 to have a negative effect on performance and competitiveness also in 2018. Due to the internal issues that need to be resolved, and which are now being addressed on a daily basis, 2018 will be a year of operational change and improvement. It will take time to repair the damages created, and the new top management and owners therefore expect sales in line with 2017 and a sizeable EBITDA loss also in 2018 roughly at the level of 2017. As described under "Group Financing" and in note 2 to the financial statements, the new owners and banks have taken this into account when securing new additional funding for the Group.

Events after the balance sheet date

As described under "Group Financing" and in note 2 to the financial statements, the Group has, as of 29 January 2018, been acquired by Kg BidCo ApS and been refinanced, per the acquisition date and in June 2018.

Besides the events mentioned above, no events have occurred after year-end, which would significantly affect the evaluation of this annual report.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

		Group		Parent company	
Note	DKK'000	2017	2016	2017	2016
4	**Revenue**	700,935	636,477	639,960	482,967
	Cost of sales	-445,558	-305,344	-464,556	-281,129
	Other external expenses	-117,883	-92,436	-79,325	-60,158
	Gross margin	137,494	238,697	96,079	141,680
5	Staff costs	-226,717	-201,007	-165,710	-141,576
	Amortisation/depreciation and impairment	-88,794	-13,524	-28,264	-7,012
	Profit/loss before net financials	-178,017	24,166	-97,895	-6,908
	Income from investments in group enterprises	0	0	-91,858	6,517
6	Financial income	14,471	20,197	28,627	30,092
7	Financial expenses	-35,802	-32,588	-31,058	-21,477
	Profit/loss before tax	-199,348	11,775	-192,184	8,224
8	Tax for the year	16,699	-3,707	9,535	-156
	Profit/loss for the year	-182,649	8,068	-182,649	8,068

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2017	2016	2017	2016
	ASSETS				
	Fixed assets				
9	**Intangible assets**				
	Completed development projects	29,678	0	29,678	0
	Acquired intangible assets	0	0	0	0
	Goodwill	26,604	113,979	0	20,209
	Development projects in progress and prepayments for intangible assets	0	23,520	0	23,520
		56,282	137,499	29,678	43,729
10	**Property, plant and equipment**				
	Plant and machinery	16,539	14,880	5,647	1,780
	Fixtures and fittings, other plant and equipment	3,059	1,203	3,059	1,203
	Leasehold improvements	4,254	338	4,254	338
		23,852	16,421	12,960	3,321
11	**Investments**				
	Investments in group enterprises	0	0	18,451	40,038
	Receivables from group enterprises	0	115,939	71,073	276,640
	Other receivables	3,393	1,251	3,393	1,251
		3,393	117,190	92,917	317,929
	Total fixed assets	83,527	271,110	135,555	364,979
	to be carried forward	83,527	271,110	135,555	364,979

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet (continued)

		Group		Parent company	
Note	DKK'000	2017	2016	2017	2016
	brought forward	83,527	271,110	135,555	364,979
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	43,610	24,026	39,034	21,905
	Work in progress	50,960	53,382	44,629	33,063
	Finished goods and goods for resale	71,118	67,271	40,669	25,520
	Prepayments for goods	0	3,293	0	3,293
		165,688	147,972	124,332	83,781
	Receivables				
	Trade receivables	101,842	119,322	71,308	51,100
12	Work in progress for third parties	108,991	22,352	105,363	22,352
	Receivables from group enterprises	123,114	5,791	262,228	112,923
	Corporation tax receivable	8,294	0	0	0
	Other receivables	12,612	3,697	3,494	1,389
13	Prepayments	3,163	2,930	2,064	2,280
		358,016	154,092	444,457	190,044
	Cash	9,226	30,306	608	1,035
	Total non-fixed assets	532,930	332,370	569,397	274,860
	TOTAL ASSETS	616,457	603,480	704,952	639,839

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2017	2016	2017	2016
	EQUITY AND LIABILITIES				
	Equity				
14	Share capital	30,000	30,000	30,000	30,000
	Net revaluation reserve according to the equity method	0	0	0	6,160
	Reserve for development costs	0	0	17,742	10,134
	Retained earnings	-78,640	132,448	-96,382	116,154
	Total equity	-48,640	162,448	-48,640	162,448
	Provisions				
16	Deferred tax	0	9,535	0	9,535
17	Other provisions	23,427	8,258	23,427	8,258
	Total provisions	23,427	17,793	23,427	17,793
	Liabilities other than provisions				
15	**Non-current liabilities other than provisions**				
	Bank debt	0	49,827	0	49,827
	Lease liabilities	2,000	0	2,000	0
	Other credit institutions	0	104,822	0	104,822
		2,000	154,649	2,000	154,649
	Current liabilities other than provisions				
15	Short-term part of long-term liabilities other than provisions	209,727	38,659	209,727	38,659
	Bank debt	139,289	58,054	137,855	58,294
	Prepayments received from customers	18,725	50,315	14,039	24,982
12	Work in progress for third parties	38,820	20,494	38,820	20,494
	Trade payables	159,571	67,337	135,213	57,202
	Payables to group enterprises	0	0	126,713	76,510
	Corporation tax payable	1,014	3,865	863	863
	Other payables	72,524	29,866	64,935	27,945
		639,670	268,590	728,165	304,949
	Total liabilities other than provisions	641,670	423,239	730,165	459,598
	TOTAL EQUITY AND LIABILITIES	616,457	603,480	704,952	639,839

1 Accounting policies
2 Group refinancing and new additional funding
3 Events after the balance sheet date
18 Contractual obligations and contingencies, etc.
19 Collateral
20 Related parties
21 Fee to the auditors appointed by the Company in general meeting

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Group Share capital	Group Retained earnings	Group Total
	Equity at 1 January 2017	30,000	142,464	172,464
	Adjustment of equity regarding prior year material errors	0	-10,016	-10,016
	Adjusted equity at 1 January 2017	30,000	132,448	162,448
	Transfer through appropriation of loss	0	-182,649	-182,649
	Adjustment of investments through foreign exchange adjustments	0	-28,045	-28,045
	Other value adjustments of equity	0	-394	-394
	Equity at 31 December 2017	30,000	-78,640	-48,640

Note	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 2017	30,000	6,160	10,134	126,170	172,464
	Adjustment of equity regarding prior year material errors	0	0	0	-10,016	-10,016
	Adjusted equity at 1 January 2017	30,000	6,160	10,134	116,154	162,448
22	Transfer, see "Appropriation of profit/loss"	0	-6,160	7,608	-184,097	-182,649
	Adjustment of investments through foreign exchange adjustments	0	0	0	-28,045	-28,045
	Other value adjustments of equity	0	0	0	-394	-394
	Equity at 31 December 2017	30,000	0	17,742	-96,382	-48,640

Refer to note 2 regarding cash contribution received from the new parent company in 2018.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group 2017	Group 2016
	Profit/loss for the year	-182,649	8,068
23	Adjustments	87,264	12,046
	Cash generated from operations (operating activities)	-95,385	20,114
24	Changes in working capital	23,417	-43,184
	Cash generated from operations (operating activities)	-71,968	-23,070
	Income taxes paid	-4,189	4,625
	Cash flows from operating activities	-76,157	-18,445
	Additions of intangible assets	-11,754	-14,873
	Additions of property, plant and equipment	-14,220	-4,299
	Disposals of property, plant and equipment	896	0
	Loans, paid	-2,142	-16,577
	Repayments received, loans	178	9,042
	Cash flows to investing activities	-27,042	-26,707
	Proceeds of long-term liabilities	165,119	28,805
	Repayments, long-term liabilities	-146,700	-8,252
	Cash flows from financing activities	18,419	20,553
	Net cash flow	-84,780	-24,599
	Cash and cash equivalents at 1 January	-27,748	-12,669
	Foreign exchange adjustments	-17,535	9,520
25	**Cash and cash equivalents at 31 December**	-130,063	-27,748

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Gram Equipment A/S for 2017 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.

Material error in prior year
In 2017, after issuing the 2016 Financial Statements, a material error was identified in the 2016 accounts. The material error relates to intercompany transactions being wrongly recognised and wrongly eliminated. As a result the profit before tax in the 2016 group and parent financial statements was overstated by DKK 12,8 million and Profit for the year was overstated by DKK 10,0 million.

Comparative figures for Revenue, Income tax, Deferred tax and Trade payables/ Payables to group enterprises have been corrected. The material error has no effect on the Profit/loss before tax nor Profit/loss for the year in 2017.

Consolidated financial statements

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.

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 are 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 if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

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 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.

Consolidated financial statements and parent company financial statements 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.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

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 assesment 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 subsidiaries

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 aquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Balance sheet

Intangible assets

Intagible fixed assets comprises goodwill and development projects. Intagible fixed assets are valued at cost less depreciation. Impairment write-downs is made when deemed necessary.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 20 years.

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 areidentifiable 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

Equity investments in subsidiaries are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in group enterprises is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

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.

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.

Lease liabilities

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

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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

2 Group refinancing and new additional funding

As described under 'Group Financing' in the Management's review, on 29 January 2018, Gram Equipment A/S' (the "Company") parent company, GEH Invest ApS, was acquired by Kg BidCo ApS, and in that connection the Group was refinanced. The following financing structure for the new Kg Bidco ApS group was put in place for the coming 6-7 years:

- A bank loan obtained by Kg Bidco ApS in the amount of EUR 48 million (c. DKK 357 million) used as part of funding the acquisition and a cash contribution to the Company.
- A line of credit allocated to the Company in the amount of EUR 25 million (c. DKK 186 million)

The new financing structure is subject to financial covenants and other customary conditions.

At 31 December 2017, the Company's bank loans amounted to c. DKK 349 million, which are recognized as short-term debt in the balance sheet. As part of the refinancing in 2018 mentioned under "Events after the balance sheet date" in the Management's review, the Company received c. DKK 252 million in a tax-exempt cash contribution from Kg BidCo ApS, which together with the c. DKK 123 million received by the Company from its selling parent company was used to repay the Company's bank debt of c. DKK 349 million in full.

The refinancing has rebalanced the solidity of Gram Equipment A/S. Had the change in ownership and refinancing, including the Tax-exempt contribution of EUR 8 million mentioned below taken place at 31 December 2017 instead of during 2018, the equity per 31 December 2017 would have been c. DKK 263 million and the equity ratio of Gram Equipment A/S would have been c. 45%, everything else equal.

As a result of the issues within the Group in 2017 as described in the Management's review, the Group's liquidity suffered in 2017 as well as into 2018. To secure sufficient liquidity going forward, the new owners and the banks have following the acquisition negotiated the following new additional long-term funding to the Group in June 2018:

- Additional lines of credit in the amount of EUR 15 million (c. DKK 112 million)

- A Tax-exempt equity contribution to the Company in the amount of EUR 8 million (c. DKK 60 million)

In connection with the refinancing of the Group in 2018, new collateral has been put in place in lieu of that reported under note 18 that secured the old debt in place at 31 December 2017. Accordingly, as collateral for the new total bank financing, including the loans in Kg Bidco ApS and the interest payments hereon, the Company has pledged its shares in its US and Turkish subsidiaries, Gram Equipment of America Inc. and Gram Equipment Makina Sanayi ve Ticaret Izmir, and the Company and its US and Turkish subsidiaries guarantee the total senior bank financing. The Company has issued a floating charge of DKK 38 million (2016: DKK 38 million) secured on the Company's goodwill, property, plant, and equipment, inventories, and receivables and a floating charge of DKK 37 million (2016: nil) secured on the Company's receivables, and has placed the Company's receivable from Gram Equipment of America Inc. (amounting to c. DKK 140 million at 31 December 2017) as collateral for its senior bank financing.

The Company provides guarantees for customer prepayments via third-party guarantee lines under customary business terms and termination periods.

The new top management and new owners expect the issues within the Group in 2017 (as described in the Management's review) to have a negative effect on performance and competitiveness also in 2018. Due to the internal issues that need to be resolved, and which are now being addressed on a daily basis, 2018 will be a year of operational change and improvement. It will take time to repair the damages created, and the new owners and management therefore expect sales for 2018 in line with 2017 and a sizeable EBITDA loss also in 2018 roughly at level of 2017. During 2018 and beyond, focus will be on returning to delivering quality machinery and process solutions in a timely manner to our valued customers, to paying suppliers on time in accordance with existing agreed payment terms, as well as to recreate an attractive work environment for our employees.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

With due considerations given to the uncertainty on the operations for 2018, the new additional funding put in place has been determined to provide the Group with the necessary liquidity to carry out planned operations based on current updated budgets and forecasts reflecting Management's assessment of reasonable operational and liquidity assumptions given the above. Accordingly, Management has concluded that the Company has sufficient liquidity resources to carry out its operations and the financial statements for 2017 have been prepared on a going concern basis.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

3 **Events after the balance sheet date**

As mentioned in the Management's review, the Company's parent company was sold to Kg BidCo ApS in January 2018. As part of the transaction all debt was refinanced into new long term loans, as a result hereof all debt is short term as of 31 December 2017.

Please refer to note 2 regarding collaterals, etc.

		Group		Parent company	
	DKK'000	2017	2016	2017	2016
4	**Segment information**				
	Breakdown of revenue by geographical segment:				
	Denmark	8,608	1,824	8,608	1,824
	Exports	692,327	634,653	631,352	481,143
		700,935	636,477	639,960	482,967
5	**Staff costs**				
	Wages/salaries	201,860	181,840	148,782	128,946
	Pensions	13,086	12,623	9,036	7,869
	Other social security costs	8,421	4,601	4,981	2,819
	Other staff costs	3,350	1,943	2,911	1,942
		226,717	201,007	165,710	141,576
	Average number of full-time employees	361	346	245	214

Total remuneration to the Executive Board: DKK 5,824 thousand (2016: DKK 9,166 thousand).

Total remuneration to resigned Board of Directors: DKK 400 thousand (2016: DKK 0 thousand).

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	2017	2016	2017	2016
6	**Financial income**				
	Interest receivable, group entities	13,158	12,584	28,316	27,430
	Exchange adjustments	298	7,427	2,243	2,475
	Other financial income	1,015	186	-1,932	187
		14,471	20,197	28,627	30,092
7	**Financial expenses**				
	Exchange adjustments	14,442	9,447	9,176	291
	Other financial expenses	21,360	23,141	21,882	21,186
		35,802	32,588	31,058	21,477
8	**Tax for the year**				
	Estimated tax charge for the year	-4,654	3,551	0	0
	Deferred tax adjustments in the year	-9,535	156	-9,535	156
	Tax adjustments, prior years	-2,510	0	0	0
		-16,699	3,707	-9,535	156

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 Intangible assets

	Group				
DKK'000	Completed development projects	Acquired intangible assets	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2017	0	9,669	145,330	32,001	187,000
Forreign currency exchange rate adjustments	0	0	-10,761	0	-10,761
Additions	11,754	0	0	0	11,754
Disposals	0	-9,669	0	0	-9,669
Transferred	32,001	0	0	-32,001	0
Cost at 31 December 2017	43,755	0	134,569	0	178,324
Impairment losses and amortisation at 1 January 2017	0	9,669	31,351	8,481	49,501
Forreign currency exchange rate adjustments	0	0	-1,841	0	-1,841
Amortisation for the year	3,552	0	5,945	0	9,497
Impairment losses for the year	2,044	0	72,510	0	74,554
Amortisation and impairment losses of disposals for the year	0	-9,669	0	0	-9,669
Transferred	8,481	0	0	-8,481	0
Impairment losses and amortisation at 31 December 2017	14,077	0	107,965	0	122,042
Carrying amount at 31 December 2017	29,678	0	26,604	0	56,282

Completed development projects

Completed development projects include development and test of new products that will further strengthen the Company's full line offering, enabling it to offer turn-key solutions and total contract-ownership.

Goodwill

The Company's investment are considered to be strategically important to the Company. The amortization periods for goodwill is based upon the Company's assessment of access to clients, a strong market position and long-term earnings profiles.

The carrying amount of goodwill and other intangibles have been subject to impairment tests at year-end. The impairment tests were based on the expected net cash flows from the available budgets and forecasts for the period 2018-2023, and a discount factor post tax of 13 % regarding goodwill in Gram Equipment of America Inc. and 15 % regarding other goodwill.

The impairment tests have led to write down for impairment in the amount of DKK 72,510 thousand, as a result of the impact of the issues within the Group in 2017 as described in the Management's review.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 Intangible assets (continued)

	Parent company				
DKK'000	Completed development projects	Acquired intangible assets	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2017	0	9,669	35,826	32,001	77,496
Additions	11,754	0	0	0	11,754
Disposals	0	-9,669	0	0	-9,669
Transferred	32,001	0	0	-32,001	0
Cost at 31 December 2017	43,755	0	35,826	0	79,581
Impairment losses and amortisation at 1 January 2017	0	9,669	15,617	8,481	33,767
Amortisation for the year	3,552	0	1,791	0	5,343
Impairment losses for the year	2,044	0	18,418	0	20,462
Amortisation and impairment losses of disposals for the year	0	-9,669	0	0	-9,669
Transferred	8,481	0	0	-8,481	0
Impairment losses and amortisation at 31 December 2017	14,077	0	35,826	0	49,903
Carrying amount at 31 December 2017	29,678	0	0	0	29,678

Completed development projects

Completed development projects include development and test of new products that will further strengthen the Company's full line offering, enabling it to offer turn-key solutions and total contract-ownership.

Goodwill

The Company's investments in the subsidiaries and mergers are considered to be strategically important to the Company. The amortization periods for goodwill is based upon the Company's assessment of access to clients, a strong market position and long-term earnings profiles.

The carrying amount of goodwill and other intangibles have been subject to impairment tests at year-end. The impairment tests were based on the expected net cash flows from the available budgets and forecasts for the period 2018-2023, and a discount factor post tax of 15 %.

The impairment test has led to a write down for impairment in the amount of DKK 18,418 thousand, as a result of the impact of the issues within the Group in 2017 as described in the Management's review.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

10 Property, plant and equipment

	Group			
DKK'000	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2017	55,947	7,650	369	63,966
Foreign exchange adjustments	-2,223	0	0	-2,223
Additions	7,907	2,419	4,071	14,397
Disposals	-2,023	0	0	-2,023
Cost at 31 December 2017	59,608	10,069	4,440	74,117
Impairment losses and depreciation at 1 January 2017	41,067	6,447	31	47,545
Foreign exchange adjustments	-906	0	0	-906
Depreciation	3,903	563	155	4,621
Reversal of accumulated depreciation and impairment of assets disposed	-995	0	0	-995
Impairment losses and depreciation at 31 December 2017	43,069	7,010	186	50,265
Carrying amount at 31 December 2017	16,539	3,059	4,254	23,852
Property, plant and equipment include finance leases with a carrying amount totalling	3,000	0	0	3,000

	Parent company			
DKK'000	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2017	21,666	7,650	369	29,685
Additions	6,429	2,419	4,071	12,919
Disposals	-1,298	0	0	-1,298
Cost at 31 December 2017	26,797	10,069	4,440	41,306
Impairment losses and depreciation at 1 January 2017	19,886	6,447	31	26,364
Depreciation	1,740	563	155	2,458
Reversal of accumulated depreciation and impairment of assets disposed	-476	0	0	-476
Impairment losses and depreciation at 31 December 2017	21,150	7,010	186	28,346
Carrying amount at 31 December 2017	5,647	3,059	4,254	12,960
Property, plant and equipment include finance leases with a carrying amount totalling	3,000	0	0	3,000

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

11 Investments

	Group		
DKK'000	Receivables from group enterprises	Other receivables	Total
Cost at 1 January 2017	115,939	1,251	117,190
Foreign exchange adjustments	-14,011	0	-14,011
Additions	13,833	2,142	15,975
Transferred to current receivables from group enterprises	-115,761	0	-115,761
Cost at 31 December 2017	0	3,393	3,393
Carrying amount at 31 December 2017	0	3,393	3,393

After 31 December 2017 there has been a change in the ultimate ownership of Gram Equipment A/S. It was agreed before 31 December 2017 that part of the conditions for closing on 29 January 2018 would be full re-payment of existing receivables from group enterprises, hence the receivables from group enterprises are recognised as current receivables at 31 December 2017.

	Parent company			
DKK'000	Investments in group enterprises	Receivables from group enterprises	Other receivables	Total
Cost at 1 January 2017	24,486	276,640	1,251	302,377
Foreign exchange adjustments	0	-25,581	0	-25,581
Additions	17,958	14,435	2,142	34,535
Disposals	0	-17,958	0	-17,958
Transferred to current receivables from group enterprises	0	-115,761	0	-115,761
Cost at 31 December 2017	42,444	131,775	3,393	177,612
Value adjustments at 1 January 2017	15,552	0	0	15,552
Foreign exchange adjustments	1,003	0	0	1,003
Profit/loss for the year	-37,724	0	0	-37,724
Impairment and amortization of goodwill	-54,134	0	0	-54,134
Reversal of prior year impairment losses	-9,392	0	0	-9,392
Investments with a negative net asset value written down over receiveables	60,702	-60,702	0	0
Value adjustments at 31 December 2017	-23,993	-60,702	0	-84,695
Carrying amount at 31 December 2017	18,451	71,073	3,393	92,917

Investments in group entities of DKK 18,451 thousand, include goodwill with a carrying amount of DKK 1,943 thousand at 31 December 2017 (2016: DKK 10,530 thousand).

Investments in group enterprises are illustrated in the group chart on page 7.

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Notes to the financial statements

		Group		Parent company	
	DKK'000	2017	2016	2017	2016
12	**Work in progress for third parties**				
	Selling price of work performed	120,527	69,390	116,899	69,390
	Progress billings	-50,356	-67,532	-50,356	-67,532
		70,171	1,858	66,543	1,858
	recognised as follows:				
	Work in progress for third parties (assets)	108,991	22,352	105,363	22,352
	Work in progress for third parties (liabilities)	-38,820	-20,494	-38,820	-20,494
		70,171	1,858	66,543	1,858

13 **Prepayments**

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies and IT-subscriptions.

		Parent company	
	DKK'000	2017	2016
14	**Share capital**		
	Analysis of the share capital:		
	60 shares of DKK 500,000.00 nominal value each	30,000	30,000
		30,000	30,000

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

15 **Non-current liabilities other than provisions**

	Group			
DKK'000	Total debt at 31/12 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	209,227	209,227	0	0
Lease liabilities	2,500	500	2,000	0
	211,727	209,727	2,000	0

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	Parent company			
DKK'000	Total debt at 31/12 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	209,227	209,227	0	0
Lease liabilities	2,500	500	2,000	0
	211,727	209,727	2,000	0

After 31 December 2017 there has been a change in the ultimate ownership of Gram Equipment A/S. It was agreed before 31 December 2017 that part of the conditions for closing on 29 January 2018 would be full payment of existing bank loans as part of a refinancing, hence all bank loans are recognized as current liabilities at 31 December 2017.

Refer to note 2 regarding changes in financing in 2018.

	Group		Parent company	
DKK'000	2017	2016	2017	2016
16 Deferred tax				
Deferred tax at 1 January	9,535	7,881	9,535	7,881
Deferred tax adjustment for the year	-9,535	156	-9,535	156
Deferred tax recognised in equity	0	1,498	0	1,498
Deferred tax at 31 December	0	9,535	0	9,535

At 31 December 2017, the Group has a potential tax asset of approx. DKK 4,000 thousand. The tax asset consists of tax-loss carry-forwards and non-utilised tax deductions in the form of timing differences. Based on available budgets, it is uncertain if these tax losses can be utilised within the coming 3-5 years. Based thereon, the carrying amount has not been recognised in the financial statements.

17 Other provisions

Other provisions comprise provisions for warranty commitments and expected losses on work in progress for third parties. Warranty provisions cover expected warranty costs for guarantee commitments, claims, complaints, etc. relating to the sale of goods, which is common in this nature of business. Other provisions are expected to be settled within 5 years.

18 Contractual obligations and contingencies, etc.

Other contingent liabilities

Group

A guarantee company and the Group's bank have issued guarantees amounting to DKK 46,112 thousand (2016: DKK 25,094 thousand) primarily regarding pending and finished customer orders.

A guarantee company has provided a guarantee to the Group's bank amounting to EUR 1,1 million, regarding the Parent Company's bank debt.

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Other financial obligations

Other rent and lease liabilities:

	Group		Parent company	
DKK'000	2017	2016	2017	2016
Rent and lease liabilities	83,783	80,488	67,643	61,651

Rent and lease liabilities within 1 year amount to DKK 18,737 thousand for the group and DKK 14,425 thousand for the parent company.

Rent and lease liabilities falling due after 5 years amount to DKK 27,717 thousand for the group and DKK 26,696 thousand for the parent company.

Refer to note 2 regarding changes in collateral etc. in 2018.

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.

A guarantee company and the Group's bank have issued guarantees amounting to DKK 46,112 thousand (2016: DKK 25,094 thousand) primarily regarding pending and finished customer orders.

A guarantee company has provided a guarantee to the Group's Bank amounting to EUR 1,1 million, regarding the Parent Company's bank debt.

The parent company supports the normal course of business of Gram Equipment of America Inc. until 1 January 2019.

Refer to note 2 regarding changes in collateral etc. in 2018.

19 Collateral

The Parent Company has pledged property, plant and equipment, inventories and receivables with a carrying amount of approx. DKK 390 million (2016: DKK 346 million) as a floating charge amounting to DKK 38 million regarding bank debt.

The Group's bank has a USD 30 million collateral in the Parent Company's receivables from group enterprises, amounting to DKK 227 million.

Refer to note 2 regarding changes in collateral etc. in 2018.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

20 Related parties

Group

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

Parties exercising control

Related party	Domicile	Basis for control
Geh Invest ApS	Kolding, Denmark	Sole shareholder

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Geh Invest ApS	Kolding, 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

Related party transactions

DKK'000	2017
Group	
Receivables from overlying parent company	123,114
Interest income from overlying parent company	13,158
Intra-group payables	7,353
Interest expense	77
Parent Company	
Sale of goods and services to subsidiaries	139,520
Purchase of goods and services from subsidiaries	122,859
Receivables from overlying parent company	123,114
Interest income from overlying parent company	13,158
Interest income from group enterprises	28,316
Receivables from group enterprises, long-term	71,073
Receivables from group enterprises	262,228
Payables to group enterprises	126,716

Remuneration/fees to members of the Executive Board and the Board of Directors of the Parent Company are reflected in note 5.

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Notes to the financial statements

		Group		Parent company	
	DKK'000	2017	2016	2017	2016
21	**Fee to the auditors appointed by the Company in general meeting**				
	Statutory audit	400	260	400	260
	Assurance engagements	200	0	200	0
	Tax assistance	1,201	278	878	203
	Other assistance	466	264	466	101
		2,267	802	1,944	564

		Parent company	
	DKK'000	2017	2016
22	**Appropriation of profit/loss**		
	Recommended appropriation of profit/loss		
	Net revaluation reserve according to the equity method	-6,160	3,612
	Reserve for development costs	7,608	10,134
	Retained earnings/accumulated loss	-184,097	-5,678
		-182,649	8,068

		Group	
	DKK'000	2017	2016
23	**Adjustments**		
	Amortisation/depreciation and impairment losses	88,794	13,524
	Tax for the year	-16,699	3,707
	Change in other provisions	15,169	-5,185
		87,264	12,046
24	**Changes in working capital**		
	Change in inventories and work in progress	-110,112	98,641
	Change in receivables	-11,833	-78,721
	Change in trade and other payables	145,362	-63,104
		23,417	-43,184
25	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	9,226	30,306
	Short-term debt to banks	-139,289	-58,054
		-130,063	-27,748