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H.C Petersen & Co.'s Eftf. A/S

Ansager Landevej 11
7200 Grindsted
Central Business Registration No 24213706

Annual report 2016

The Annual General Meeting adopted the annual report on 04.04.2017

Chairman of the General Meeting

Name: Sten Kjelstrup

Contents

Entity details

Entity
H.C Petersen & Co.'s Eftf. A/S
Ansager Landevej 11
7200 Grindsted

Central Business Registration No: 24213706
Registered in: Grindsted
Financial year: 01.01.2016 - 31.12.2016

Phone: 75339211
Website: www.hcpetersen.dk
E-mail: salg@hcpetersen.dk

Board of Directors
Christopher Kiær Thomsen, formand
Sten Kjelstrup
Johan Aage Prior-Knock
Peter Gæmelke

Executive Board
Johan Aage Prior-Knock

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of H.C Petersen & Co.'s Eftf. A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

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

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

Krogager, 14.03.2017

Executive Board

Johan Aage Prior-Knock

Board of Directors

Christopher Kiær Thomsen formand	Sten Kjelstrup	Johan Aage Prior-Knock
Peter Gæmelke		

Independent auditor's report

To the shareholders of H.C Petersen & Co.'s Eftf. A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of H.C Petersen & Co.'s Eftf. A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Independent auditor's report

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- 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.

Statement on the management commentary
Management is responsible for the management commentary.

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

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 14.03.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Jørn Jepsen
statsautoriseret revisor

Peder Rene Pedersen
statsautoriseret revisor

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Revenue	265.556	249.552	282.313	329.321	345.732
Gross profit/loss	31.144	30.576	31.981	35.668	40.061
Operating profit/loss	7.049	3.421	4.171	6.032	8.696
Net financials	(2.048)	(4.120)	(5.943)	(6.410)	(7.058)
Profit/loss for the year	3.508	(747)	(1.604)	(534)	569
Total assets	162.133	177.612	251.201	245.474	231.309
Investments in property, plant and equipment	610	1.052	1.793	232	2.089
Equity	75.910	72.485	74.105	77.982	44.554
Average invested capital incl goodwill	115.576	132.139	151.219	138.132	136.198
Interest bearing debt, net	37.334	59.486	76.206	59.599	89.912
Ratios					
Return on invested capital incl goodwill (%)	6,4	2,9	2,8	4,4	6,4
Revenue invested capital incl goodwill	2,3	1,9	1,9	2,4	2,5
Financial gearing (%)	0,5	0,8	1,0	0,8	2,0
Return on equity (%)	4,7	(1,0)	(2,1)	(0,9)	1,3
Equity ratio (%)	46,8	40,8	29,5	31,8	19,3

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

Ratios	**Calculation formula**	**Ratios**
Return on invested capital incl goodwill (%)	EBITA x 100 / Average invested capital incl goodwill	The return generated by the entity on the investors' funds.
Revenue/Invested capital incl goodwill	Revenue / Average invested capital incl goodwill	Turnover rate of capital employed by the entity.
Financial gearing	Interest bearing debt, net / Equity	The entity's financial gearing.
Return on equity (%)	Profit/loss for the year x 100 / 0	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	Equity x 100 / Total assets	The financial strength of the entity.

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses relating to goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income taxes receivable and payable as well as cash are not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

Management commentary

Primary activities
The Group's and the entity's activities are to import and distribute tractors, machinery, spare parts and to provide services to the agricultural industry and the gardening/park sector.

Development in activities and finances
In spite of declining markets throughout the Nordic region in the agricultural sector, the turnover increased due to a more focused product portfolio strategy and further investments in sales and marketing.

Measures was taken in 2015 to increase cost efficiency and to reduce inventory and the result was effected positively full year in 2016.

The financial performance for the year is considered satisfactory.

Outlook
A continued, relatively low market level but with small regional increases are expected for 2017.

The financial performance is expected to be in line with the 2016 results.

Particular risks
Operating risk

The Group's key operating risk relates to the developments in the agricultural industry and the gardening/park sector of Denmark, Norway, Sweden and Finland and to the fact that products from its suppliers remain at the forefront of technology, offering competitive prices.

Financial risk

As a consequence of its operating, investing and financing activities, the Group is exposed to exchange and interest rate fluctuations. EUR is used for most of the Group's foreign currency transactions where the currency risk is considered very low. In addition, the Group carries out considerable transactions denominated in JPY. Much of group sales are denominated in NOK or SEK, involving some currency risk.

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

Consolidated income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue		265.556	249.552
Cost of sales		(220.425)	(204.897)
Other external expenses		(13.987)	(14.079)
Gross profit/loss		**31.144**	**30.576**
Staff costs	1	(22.396)	(25.620)
Depreciation, amortisation and impairment losses	2	(1.699)	(1.535)
Operating profit/loss		**7.049**	**3.421**
Other financial income		1.413	181
Other financial expenses		(3.461)	(4.301)
Profit/loss before tax		**5.001**	**(699)**
Tax on profit/loss for the year	3	(1.493)	(48)
Profit/loss for the year	4	**3.508**	**(747)**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Goodwill		382	763
Intangible assets	5	**382**	**763**
Land and buildings		11.457	11.895
Other fixtures and fittings, tools and equipment		2.011	2.255
Leasehold improvements		197	223
Property, plant and equipment	6	**13.665**	**14.373**
Fixed assets		**14.047**	**15.136**
Manufactured goods and goods for resale		94.173	106.027
Inventories		**94.173**	**106.027**
Trade receivables		47.591	47.753
Deferred tax	7	4.690	5.105
Other receivables		797	2.304
Prepayments		387	247
Receivables		**53.465**	**55.409**
Cash		**448**	**1.040**
Current assets		**148.086**	**162.476**
Assets		**162.133**	**177.612**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		10.162	10.162
Retained earnings		65.240	62.323
Proposed dividend		508	0
Equity		**75.910**	**72.485**
Mortgage debts		8.898	9.666
Finance lease liabilities		74	193
Other payables		0	136
Non-current liabilities other than provisions	8	**8.972**	**9.995**
Current portion of long-term liabilities other than provisions	8	717	771
Bank loans		27.580	49.625
Trade payables		31.043	26.929
Income tax payable		513	135
Other payables		17.398	17.672
Current liabilities other than provisions		**77.251**	**95.132**
Liabilities other than provisions		**86.223**	**105.127**
Equity and liabilities		**162.133**	**177.612**
Financial instruments	10		
Unrecognised rental and lease commitments	11		
Mortgages and securities	12		
Subsidiaries	13		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Revaluation reserve DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	10.162	4.385	61.661	0
Changes in accounting policies	0	(4.385)	662	0
Adjusted equity, beginning of year	**10.162**	**0**	**62.323**	**0**
Exchange rate adjustments	0	0	377	0
Other equity postings	0	0	(460)	0
Profit/loss for the year	0	0	3.000	508
Equity end of year	**10.162**	**0**	**65.240**	**508**

	Total DKK'000
Equity beginning of year	76.208
Changes in accounting policies	(3.723)
Adjusted equity, beginning of year	**72.485**
Exchange rate adjustments	377
Other equity postings	(460)
Profit/loss for the year	3.508
Equity end of year	**75.910**

Consolidated cash flow statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Operating profit/loss		7.049	3.421
Amortisation, depreciation and impairment losses		1.699	1.535
Working capital changes	9	17.222	18.264
Cash flow from ordinary operating activities		**25.970**	**23.220**
Financial income received		1.413	181
Financial income paid		(3.461)	(4.301)
Income taxes refunded/(paid)		(464)	(95)
Other cash flows from operating activities		(318)	(1.537)
Cash flows from operating activities		**23.140**	**17.468**
Acquisition etc of property, plant and equipment		(610)	(1.052)
Sale of property, plant and equipment		0	358
Cash flows from investing activities		**(610)**	**(694)**
Loans raised		0	1.967
Instalments on loans etc		(1.077)	(826)
Cash flows from financing activities		**(1.077)**	**1.141**
Increase/decrease in cash and cash equivalents		**21.453**	**17.915**
Cash and cash equivalents beginning of year		(48.585)	(66.500)
Cash and cash equivalents end of year		**(27.132)**	**(48.585)**
Cash and cash equivalents at year-end are composed of:			
Cash		448	1.040
Short-term debt to banks		(27.580)	(49.625)
Cash and cash equivalents end of year		**(27.132)**	**(48.585)**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
1. Staff costs		
Wages and salaries	18.497	21.404
Pension costs	2.615	2.733
Other social security costs	1.284	1.024
Other staff costs	0	459
	22.396	**25.620**
Average number of employees	**40**	**43**

	Remuneration of management 2016 DKK'000	Remuneration of management 2015 DKK'000
Total amount for management categories	1.651	3.293
	1.651	**3.293**

	2016 DKK'000	2015 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	381	381
Depreciation of property, plant and equipment	1.318	1.286
Profit/loss from sale of intangible assets and property, plant and equipment	0	(132)
	1.699	**1.535**

	2016 DKK'000	2015 DKK'000
3. Tax on profit/loss for the year		
Tax on current year taxable income	524	350
Change in deferred tax for the year	969	(302)
	1.493	**48**

	2016 DKK'000	2015 DKK'000
4. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	508	0
Retained earnings	3.000	(747)
	3.508	**(747)**

Notes to consolidated financial statements

	Goodwill DKK'000
5. Intangible assets	
Cost beginning of year	3.815
Cost end of year	**3.815**
Amortisation and impairment losses beginning of year	(3.052)
Amortisation for the year	(381)
Amortisation and impairment losses end of year	**(3.433)**
Carrying amount end of year	**382**

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
6. Property, plant and equipment			
Cost beginning of year	18.784	10.295	249
Additions	0	610	0
Cost end of year	**18.784**	**10.905**	**249**
Revaluations beginning of year	7.172	0	0
Changes in accounting policies	(7.172)	0	0
Revaluations end of year	**0**	**0**	**0**
Depreciation and impairment losses beginning of the year	(9.289)	(8.040)	(26)
Changes in accounting policies	2.400	0	0
Depreciation for the year	(438)	(854)	(26)
Depreciation and impairment losses end of the year	**(7.327)**	**(8.894)**	**(52)**
Carrying amount end of year	**11.457**	**2.011**	**197**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
7. Deferred tax		
Property, plant and equipment	(503)	(515)
Receivables	332	2
Tax losses carried forward	4.861	5.618
	4.690	**5.105**

Changes during the year		
Beginning of year	5.105	
Recognised in the income statement	(415)	
End of year	**4.690**	

Deffered tax relates to tax losses carried forward from earlier years and defferede tax from fixed assets and trade receivables.

As a result of last year, this year and the expectations for the coming years, it is estimated that the deferred tax assetwill be used within a period of 3-5 years. The H.C. Petersen Group has in recent years focused on cost savings and new product mix in which loss-making activities have been cut off.

	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000	Outstanding after 5 years DKK'000
8. Liabilities other than provisions				
Mortgage debts	672	652	8.898	7.156
Finance lease liabilities	45	119	74	0
	717	**771**	**8.972**	**7.156**

	2016 DKK'000	2015 DKK'000
9. Change in working capital		
Increase/decrease in inventories	11.854	62.163
Increase/decrease in receivables	1.529	8.088
Increase/decrease in trade payables etc	3.839	(51.987)
	17.222	**18.264**

Notes to consolidated financial statements

10. Financial Instruments

Other payables includes interest rate swap contracts at the balance sheet date relating to loans of DKK 37,150k. Unrealised net losses in these contracts at 31 December 2016 of DKK 4,482k are recognised under other payables and taken directly to equity by 3,496k as well as deferred tax by DKK 986 k. The interest rate swap with an interest rate of 1.7% to 4.5%. The contracts expire in the period from 29.12.2017 until 30.06.2031.

	2016 DKK'000	2015 DKK'000
11. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**934**	**1.431**

12. Mortgages and securities

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

The carrying amount of mortgaged properties is DKK 16,230k, and the carrying amount of mortgaged plant amounts to DKK 2,208k.

A floating charge and chattel mortgage for DKK 76,579k nominal has been provided on trade receivables, operating equipment and inventories as security for bank loans. Bank loans amount to DKK 27,132k.

The Carrying amount of trade receivables charged is DKK 46,042k.

The Carrying amount of mortgaged operating equipment is DKK 2,208k

The Carrying amount of inventories charged is DKK 94.034k.

Inventories and guarantees provided by the Entity's banker for EUR 1,200k in total have been subjected to retention of title as security for trade payables.

	Registered in	Corpo-rate form	Equity inte-rest %
13. Subsidiaries			
H.C. Petersen Norge AS	Norge	AS	100,0
H.C. Petersen Sverige AB	Sverige	AB	100,0
H.C. Petersen OY, Finland	Finland	OY	100,0

Parent income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue		206.503	189.688
Cost of sales		(182.491)	(163.229)
Other external expenses		(3.037)	(6.772)
Gross profit/loss		**20.975**	**19.687**
Staff costs	1	(13.534)	(17.729)
Depreciation, amortisation and impairment losses	2	(1.076)	(916)
Operating profit/loss		**6.365**	**1.042**
Income from investments in group enterprises		(124)	1.290
Other financial income from group enterprises		495	495
Other financial income		871	23
Other financial expenses		(3.130)	(4.150)
Profit/loss before tax		**4.477**	**(1.300)**
Tax on profit/loss for the year	3	(969)	553
Profit/loss for the year	4	**3.508**	**(747)**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Land and buildings		11.457	11.895
Other fixtures and fittings, tools and equipment		1.511	1.733
Property, plant and equipment	5	**12.968**	**13.628**
Investments in group enterprises		31.983	30.423
Fixed asset investments	6	**31.983**	**30.423**
Fixed assets		**44.951**	**44.051**
Manufactured goods and goods for resale		46.711	67.284
Inventories		**46.711**	**67.284**
Trade receivables		14.137	18.476
Receivables from group enterprises		40.663	25.984
Deferred tax	7	3.361	4.094
Other receivables		281	425
Prepayments	8	351	247
Receivables		**58.793**	**49.226**
Cash		**44**	**36**
Current assets		**105.548**	**116.546**
Assets		**150.499**	**160.597**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		10.162	10.162
Reserve for net revaluation according to the equity method		17.994	17.373
Retained earnings		47.246	44.950
Proposed dividend		508	0
Equity		**75.910**	**72.485**
Mortgage debts		8.898	9.666
Finance lease liabilities		74	193
Non-current liabilities other than provisions	9	**8.972**	**9.859**
Current portion of long-term liabilities other than provisions	9	717	771
Bank loans		25.021	40.437
Trade payables		29.523	24.256
Other payables		10.356	12.789
Current liabilities other than provisions		**65.617**	**78.253**
Liabilities other than provisions		**74.589**	**88.112**
Equity and liabilities		**150.499**	**160.597**
Unrecognised rental and lease commitments	10		
Mortgages and securities	11		

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Revaluation reserve DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000
Equity beginning of year	10.162	4.384	17.373	44.289
Changes in accounting policies	0	(4.384)	0	661
Adjusted equity, beginning of year	**10.162**	**0**	**17.373**	**44.950**
Exchange rate adjustments	0	0	377	0
Other equity postings	0	0	0	(460)
Profit/loss for the year	0	0	244	2.756
Equity end of year	**10.162**	**0**	**17.994**	**47.246**

	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	0	76.208
Changes in accounting policies	0	(3.723)
Adjusted equity, beginning of year	**0**	**72.485**
Exchange rate adjustments	0	377
Other equity postings	0	(460)
Profit/loss for the year	508	3.508
Equity end of year	**508**	**75.910**

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
1. Staff costs		
Wages and salaries	11.583	15.332
Pension costs	1.799	2.088
Other social security costs	152	309
	13.534	**17.729**
Average number of employees	**25**	**30**

	Remuneration of management 2016 DKK'000	Remuneration of management 2015 DKK'000
Total amount for management categories	1.651	3.293
	1.651	**3.293**

	2016 DKK'000	2015 DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	1.076	1.048
Profit/loss from sale of intangible assets and property, plant and equipment	0	(132)
	1.076	**916**

	2016 DKK'000	2015 DKK'000
3. Tax on profit/loss for the year		
Change in deferred tax for the year	969	(553)
	969	**(553)**

	2016 DKK'000	2015 DKK'000
4. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	508	0
Transferred to reserve for net revaluation according to the equity method	244	839
Retained earnings	2.756	(1.586)
	3.508	**(747)**

Notes to parent financial statements

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000
5. Property, plant and equipment		
Cost beginning of year	18.784	8.331
Additions	0	416
Cost end of year	**18.784**	**8.747**
Revaluations beginning of year	7.172	0
Changes in accounting policies	(7.172)	0
Revaluations end of year	**0**	**0**
Depreciation and impairment losses beginning of the year	(9.289)	(6.598)
Changes in accounting policies	2.400	0
Depreciation for the year	(438)	(638)
Depreciation and impairment losses end of the year	**(7.327)**	**(7.236)**
Carrying amount end of year	**11.457**	**1.511**

	Investments in group enterprises DKK'000
6. Fixed asset investments	
Cost beginning of year	13.050
Additions	937
Cost end of year	**13.987**
Revaluations beginning of year	17.373
Exchange rate adjustments	567
Amortisation of goodwill	(381)
Share of profit/loss for the year	359
Adjustment of intra-group profits	(102)
Reversal of revaluations	180
Revaluations end of year	**17.996**
Carrying amount end of year	**31.983**

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
7. Deferred tax		
Property, plant and equipment	(512)	(514)
Receivables	77	(12)
Tax losses carried forward	3.796	4.620
	3.361	**4.094**

Changes during the year	
Beginning of year	4.094
Recognised in the income statement	(733)
End of year	**3.361**

8. Prepayments

The item consists of prepaid expenses.

	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000
9. Liabilities other than provisions			
Mortgage debts	672	652	8.898
Finance lease liabilities	45	119	74
	717	**771**	**8.972**

	2016 DKK'000	2015 DKK'000
10. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**934**	**1.431**

Notes to parent financial statements

11. Mortgages and securities

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

The carrying amount of mortgaged properties is DKK 16,230k and the carrying amount of mortgaged plant is DKK 1,511k.

Shares in group enterprises have been provided as security for bank loans. The carrying amount of shares charged is DKK 30,423k

A floating Charge for DKK 54,000k nominal on trade receivables, operating equipment and inventories has been provided as security for bank loans. Bank loans total DKK 24,977k.

The Carrying amount of trade receivables charged is DKK 13,858k.

The Carrying amount of mortgaged operating equipment is DKK 1,511k.

The Carrying amount of inventories charged is DKK 46,711k.

Inventories and guarantees provided by the Entity's banker for EUR 1,200k in total have been subjected to retention of title as security for trade payables.

Collateral securities provided for subsidiaries and group enterprises

The Entity has guaranteed the subsidiaries' bank loans. The subsidiaries' bank loans total DKK 2,559k.

Accounting policies

Reporting class

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

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

Changes in accounting policies

Land and buildings are measured at cost less accummulated depreciation. In prior years land and buildings where measured at cost with addition of revaluations less accummulated depreciation. The change is made because it is no longer considered possible to determine a fair value with sufficient reliability.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

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

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

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

Income statement

Revenue

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

Cost of sales

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

Accounting policies

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

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

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

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

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

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

Balance sheet
Goodwill
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 10 to 20 years.

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

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

Accounting policies

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

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

Buildings	40 years
Other fixtures and fittings, tools and equipment	5 years

Estimated useful lives and residual values are reassessed annually.

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

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

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10-20 years.

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

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

Cost consists of purchase price plus delivery costs.

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

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

Accounting policies

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

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

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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

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

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

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

Accounting policies

Income tax receivable or payable

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

Cash flow statement

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

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

Cash flows from investing activities comprise payments in connection with improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

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

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