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

Ansager Landevej 11
7200 Grindsted
Central Business Registration No 24213706

Annual report 2017

The Annual General Meeting adopted the annual report on 07.04.2018

Chairman of the General Meeting

Name: Johan Aage Prior-kncok

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Entity details

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

Central Business Registration No (CVR): 24213706
Registered in: Grindsted
Financial year: 01.01.2017 - 31.12.2017

Board of Directors
Christopher Kiær Thomsen, formand
Sten Kjelstrup
Peter Heller Bøckel
Johan Aage Prior-Kncok

Executive Board
Jesper Hansen

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 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

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

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

Krogager, 21.03.2018

Executive Board

Jesper Hansen

Board of Directors

Christopher Kiær Thomsen formand	Sten Kjelstrup	Peter Heller Bøckel

Johan Aage Prior-Kncok

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 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the 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.

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 exists. Misstatements

Independent auditor's report

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.

- 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 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, 21.03.2018

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Central Business Registration No (CVR) 33963556

Jørn Jepsen
State Authorised Public Accountant
Identification No (MNE) mne24824

Peder Rene Pedersen
State Authorised Public Accountant
Identification No (MNE) mne23334

Management commentary

	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
Financial highlights					
Key figures					
Revenue	243,417	265,556	249,552	282,313	329,321
Gross profit/loss	25,014	31,144	30,576	31,981	35,668
Operating profit/loss	1,126	7,049	3,421	4,171	6,032
Net financials	(929)	(2,048)	(4,120)	(5,943)	(6,410)
Profit/loss for the year	183	3,508	(747)	(1,604)	(534)
Total assets	171,428	162,133	177,612	251,201	245,474
Investments in property, plant and equipment	2,361	610	1,052	1,793	232
Equity incl minority interests	74,023	75,910	72,485	74,105	77,982
Average invested capital incl goodwill	115,834	115,576	132,139	151,219	138,132
Net interest-bearing debt	43,307	37,334	59,486	76,206	59,559
Ratios					
Return on invested capital incl goodwill (%)	1.3	6.4	2.9	2.8	4.4
Revenue/Invested capital incl goodwill	2.1	2.3	1.9	1.9	2.4
Financial gearing (%)	0.6	0.5	0.8	1.0	0.8
Return on equity (%)	0.2	4.7	(1.0)	(2.1)	(0.9)
Equity ratio (%)	43.2	46.8	40.8	29.5	31.8

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

Ratios	Calculation formula	Calculation formula reflects
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	Net interest-bearing debt / Equity incl minority interests	The entity's financial gearing.
Return on equity (%)	Profit/loss for the year x 100 / Average equity incl minority interests	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	Equity incl minority interests 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 and the impairment losses for 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 for 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 sparts and to provide services to the agricultural industry and the gardening/park sector.

Development in activities and finances
Due to increased competition and weakened Norwegian Krone the turnover decreased. A new sales strategy and investments in outlets are expected to have positive influence on turnover.

Continued full focus on cost efficiency and tight stock management has effected the result positively.

The finance performance for the year is considered unsatisfacory.

Outlook
A continued, relatively low market level but with small regional increases are expected for 2018.

The financial performance is expected to be better than the 2017 results.

Particular risks
Operating risk

The Groups'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 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue		243,417	265,556
Cost of sales		(205,479)	(220,425)
Other external expenses		(12,924)	(13,987)
Gross profit/loss		**25,014**	**31,144**
Staff costs	1	(22,650)	(22,396)
Depreciation, amortisation and impairment losses	2	(1,238)	(1,699)
Operating profit/loss		**1,126**	**7,049**
Other financial income		1,711	1,413
Other financial expenses		(2,640)	(3,461)
Profit/loss before tax		**197**	**5,001**
Tax on profit/loss for the year	3	(14)	(1,493)
Profit/loss for the year	4	**183**	**3,508**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Goodwill		0	382
Intangible assets	5	**0**	**382**
Land and buildings		11,094	11,457
Other fixtures and fittings, tools and equipment		3,066	2,011
Leasehold improvements		171	197
Property, plant and equipment	6	**14,331**	**13,665**
Fixed assets		**14,331**	**14,047**
Manufactured goods and goods for resale		97,501	94,173
Inventories		**97,501**	**94,173**
Trade receivables		53,286	47,591
Deferred tax	7	4,484	4,690
Other receivables		518	797
Income tax receivable		122	0
Prepayments		343	387
Receivables		**58,753**	**53,465**
Cash		**843**	**448**
Current assets		**157,097**	**148,086**
Assets		**171,428**	**162,133**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		10,162	10,162
Retained earnings		63,861	65,240
Proposed dividend		0	508
Equity		**74,023**	**75,910**
Other provisions		34	0
Provisions		**34**	**0**
Mortgage debt		8,148	8,898
Finance lease liabilities		44	74
Non-current liabilities other than provisions	8	**8,192**	**8,972**
Current portion of long-term liabilities other than provisions	8	725	717
Bank loans		35,355	27,580
Trade payables		34,463	31,043
Income tax payable		0	513
Other payables		18,636	17,398
Current liabilities other than provisions		**89,179**	**77,251**
Liabilities other than provisions		**97,371**	**86,223**
Equity and liabilities		**171,428**	**162,133**
Financial instruments	10		
Unrecognised rental and lease commitments	11		
Assets charged and collateral	12		
Transactions with related parties	13		
Group relations	14		
Subsidiaries	15		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	10,162	65,240	508	75,910
Ordinary dividend paid	0	0	(508)	(508)
Exchange rate adjustments	0	(2,286)	0	(2,286)
Other entries on equity	0	724	0	724
Profit/loss for the year	0	183	0	183
Equity end of year	**10,162**	**63,861**	**0**	**74,023**

Consolidated cash flow statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Operating profit/loss		1,126	7,049
Amortisation, depreciation and impairment losses		1,238	1,699
Working capital changes	9	(4,042)	17,222
Cash flow from ordinary operating activities		**(1,678)**	**25,970**
Financial income received		1,711	1,413
Financial income paid		(2,640)	(3,461)
Income taxes refunded/(paid)		(647)	(464)
Other cash flows from operating activities		(1,296)	(318)
Cash flows from operating activities		**(4,550)**	**23,140**
Acquisition etc of property, plant and equipment		(2,361)	(610)
Sale of property, plant and equipment		839	0
Cash flows from investing activities		**(1,522)**	**(610)**
Repayments of loans etc		(780)	(1,077)
Dividend paid		(508)	0
Cash flows from financing activities		**(1,288)**	**(1,077)**
Increase/decrease in cash and cash equivalents		**(7,360)**	**21,453**
Cash and cash equivalents beginning of year		(27,132)	(48,585)
Cash and cash equivalents end of year		**(34,492)**	**(27,132)**
Cash and cash equivalents at year-end are composed of:			
Cash		843	448
Short-term debt to banks		(35,335)	(27,580)
Cash and cash equivalents end of year		**(34,492)**	**(27,132)**

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
1. Staff costs		
Wages and salaries	17,956	18,497
Pension costs	3,566	2,615
Other social security costs	1,128	1,284
	22,650	**22,396**
Average number of employees	**39**	**39**

	Remuneration of management 2017 DKK'000	Remuneration of management 2016 DKK'000
Total amount for management categories	1,780	1,651
	1,780	**1,651**

	2017 DKK'000	2016 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	382	381
Depreciation of property, plant and equipment	1,133	1,318
Profit/loss from sale of intangible assets and property, plant and equipment	(277)	0
	1,238	**1,699**

	2017 DKK'000	2016 DKK'000
3. Tax on profit/loss for the year		
Current tax	0	524
Change in deferred tax	14	969
	14	**1,493**

	2017 DKK'000	2016 DKK'000
4. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	508
Retained earnings	183	3,000
	183	**3,508**

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	(3,433)
Amortisation for the year	(382)
Amortisation and impairment losses end of year	**(3,815)**
Carrying amount end of year	**0**

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
6. Property, plant and equipment			
Cost beginning of year	18,784	10,905	249
Additions	0	2,361	0
Disposals	0	(733)	0
Cost end of year	**18,784**	**12,533**	**249**
Depreciation and impairment losses beginning of year	(7,327)	(8,894)	(52)
Depreciation for the year	(363)	(744)	(26)
Reversal regarding disposals	0	171	0
Depreciation and impairment losses end of year	**(7,690)**	**(9,467)**	**(78)**
Carrying amount end of year	**11,094**	**3,066**	**171**

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
7. Deferred tax		
Property, plant and equipment	(467)	(503)
Receivables	641	332
Tax losses carried forward	4,310	4,861
	4,484	**4,690**

Changes during the year	
Beginning of year	4,609
Recognised in the income statement	(125)
End of year	**4,484**

Deferred tax relates to tax losses carried forward from earlier years and deferred tax from fixed assets and trade receivables.

As a result of last year, this 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 Group has in recent years focused on cost savings and new product mix in which loss-making activities have been cut off.

	Due within 12 months 2017 DKK'000	Due within 12 months 2016 DKK'000	Due after more than 12 months 2017 DKK'000	Outstanding after 5 years DKK'000
8. Liabilities other than provisions				
Mortgage debt	696	672	8,148	6,460
Finance lease liabilities	29	45	44	0
	725	**717**	**8,192**	**6,460**

	2017 DKK'000	2016 DKK'000
9. Change in working capital		
Increase/decrease in inventories	(3,328)	11,854
Increase/decrease in receivables	(5,372)	1,529
Increase/decrease in trade payables etc	4,658	3,839
	(4,042)	**17,222**

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 2017 of DKK 3,605k are recognised under other payables and taken directly to equity by 928k as well as deferred tax by 204k. 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.

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
11. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**443**	**934**

12. Assets charged and collateral

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

The carrying amount of mortgaged properties is DKK 11,094k and the carrying amount of mortgaged plant amounts to DKK 3,236k.

A floating charge and chattel martgage 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 34,492k.

The Carrying amount of trade receivables charged is DKK 53,286k.

The Carrying amount of mortgaged operating equipment is DKK 3,236k.

The Carrying amount of inventories charged is DKK 96,853k.

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.

13. Transactions with related parties

According to section 98c(7) of the Danish Financial Statements Act, only non-arm's-length related party transactions are disclosed. However, all transactions have been made on arm's length basis in the financial year.

14. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Kiaer Properties ApS, Ansager Landevej 11, 7200 Grindsted.
Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
H.C Petersen & Co.'s Eftf. A/S, Ansager Landevej 11, 7200 Grindsted.

	Registered in	Corpo-rate form	Equity inte-rest %
15. 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
HCP Maskincenter A/S	Randers	A/S	100.0

Parent income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue		185,009	206,503
Cost of sales		(164,960)	(182,491)
Other external expenses		(4,014)	(3,037)
Gross profit/loss		**16,035**	**20,975**
Staff costs	1	(12,571)	(13,534)
Depreciation, amortisation and impairment losses	2	(927)	(1,076)
Operating profit/loss		**2,537**	**6,365**
Income from investments in group enterprises		(787)	(124)
Other financial income from group enterprises		227	495
Other financial income		589	871
Other financial expenses		(2,159)	(3,130)
Profit/loss before tax		**407**	**4,477**
Tax on profit/loss for the year	3	(224)	(969)
Profit/loss for the year	4	**183**	**3,508**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Land and buildings		11,094	11,457
Other fixtures and fittings, tools and equipment		1,568	1,511
Property, plant and equipment	5	**12,662**	**12,968**
Investments in group enterprises		33,835	31,983
Fixed asset investments	6	**33,835**	**31,983**
Fixed assets		**46,497**	**44,951**
Manufactured goods and goods for resale		40,350	46,711
Inventories		**40,350**	**46,711**
Trade receivables		19,776	14,137
Receivables from group enterprises		45,941	40,663
Deferred tax	7	2,933	3,361
Other receivables		57	281
Prepayments	8	211	351
Receivables		**68,918**	**58,793**
Cash		**159**	**44**
Current assets		**109,427**	**105,548**
Assets		**155,924**	**150,499**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		10,162	10,162
Reserve for net revaluation according to the equity method		14,848	17,994
Retained earnings		49,013	47,246
Proposed dividend		0	508
Equity		**74,023**	**75,910**
Mortgage debt		8,148	8,898
Finance lease liabilities		44	74
Non-current liabilities other than provisions	9	**8,192**	**8,972**
Current portion of long-term liabilities other than provisions	9	725	717
Bank loans		30,308	25,021
Trade payables		32,111	29,523
Other payables		10,565	10,356
Current liabilities other than provisions		**73,709**	**65,617**
Liabilities other than provisions		**81,901**	**74,589**
Equity and liabilities		**155,924**	**150,499**

Unrecognised rental and lease commitments	10
Contingent liabilities	11
Assets charged and collateral	12
Related parties with controlling interest	13
Transactions with related parties	14

Parent statement of changes in equity for 2017

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	10,162	17,994	47,246	508
Ordinary dividend paid	0	0	0	(508)
Exchange rate adjustments	0	(1,665)	(621)	0
Other entries on equity	0	0	724	0
Profit/loss for the year	0	(1,481)	1,664	0
Equity end of year	**10,162**	**14,848**	**49,013**	**0**

	Total DKK'000
Equity beginning of year	75,910
Ordinary dividend paid	(508)
Exchange rate adjustments	(2,286)
Other entries on equity	724
Profit/loss for the year	183
Equity end of year	**74,023**

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
1. Staff costs		
Wages and salaries	9,993	11,583
Pension costs	2,455	1,799
Other social security costs	123	152
	12,571	**13,534**
Average number of employees	**22**	**24**

	Remuneration of management 2017 DKK'000	Remuneration of management 2016 DKK'000
Total amount for management categories	1,780	1,651
	1,780	**1,651**

	2017 DKK'000	2016 DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	939	1,076
Profit/loss from sale of intangible assets and property, plant and equipment	(12)	0
	927	**1,076**

	2017 DKK'000	2016 DKK'000
3. Tax on profit/loss for the year		
Change in deferred tax	224	969
	224	**969**

	2017 DKK'000	2016 DKK'000
4. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	508
Transferred to reserve for net revaluation according to the equity method	(1,481)	244
Retained earnings	1,664	2,756
	183	**3,508**

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	8,747
Additions	0	891
Disposals	0	(426)
Cost end of year	**18,784**	**9,212**
Depreciation and impairment losses beginning of year	(7,327)	(7,236)
Depreciation for the year	(363)	(576)
Reversal regarding disposals	0	168
Depreciation and impairment losses end of year	**(7,690)**	**(7,644)**
Carrying amount end of year	**11,094**	**1,568**

	Invest-ments in group enterprises DKK'000
6. Fixed asset investments	
Cost beginning of year	13,987
Additions	5,000
Cost end of year	**18,987**
Revaluations beginning of year	17,996
Exchange rate adjustments	(1,740)
Amortisation of goodwill	(381)
Share of profit/loss for the year	(161)
Adjustment of intra-group profits	(245)
Reversal of revaluations	(621)
Revaluations end of year	**14,848**
Carrying amount end of year	**33,835**

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
7. Deferred tax		
Property, plant and equipment	(475)	(512)
Receivables	50	77
Tax losses carried forward	3,358	3,796
	2,933	**3,361**

Changes during the year	
Beginning of year	3,361
Recognised in the income statement	(224)
Recognised directly in equity	(204)
End of year	**2,933**

Deferred tax relates to tax losses carried forward from earlier years and deferred tax from fixed assets and trade receivables.

As a result of last year, this and the expectations for the coming years, it is estimated that the de-ferred 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.

8. Prepayments

The item consists of prepaid expenses.

	Due within 12 months 2017 DKK'000	Due within 12 months 2016 DKK'000	Due after more than 12 months 2017 DKK'000	Outstanding after 5 years DKK'000
9. Liabilities other than provisions				
Mortgage debt	696	672	8,148	6,460
Finance lease liabilities	29	45	44	0
	725	**717**	**8,192**	**6,460**

	2017 DKK'000	2016 DKK'000
10. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**443**	**934**

Notes to parent financial statements

11. Contingent liabilities

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

12. Assets charged and collateral

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

The carrying amount of mortgaged properties is DKK 11,094k and the carrying amount of mortgaged plant is DKK 1,567k.

Shares in group enterprises have been provided as security as security for bank loans. The carrying amount of shares charged is DKK 33,836k

A floating Charge for DKK 54,000k nominal on trade receivables, operating equpment and inventories has been provided as security for bank loans. Bank loans total DKK 30,149k.

The Carrying amount of trade receivables charged is DKK 19,776k.

The Carrying amount of mortgaged operating equipment is DKK 1,568k.

The Carrying amount of inventories charged is DKK 40,350k.

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 provided for group enterprises

The Entity has guaranteed the subsidiaries’ bank loans. The subsidiaries’ bank loans total DKK 5,047k.

13. Related parties with controlling interest

Kiaer Properties ApS, Ansager Landevej 11, 7200 Grindsted, holds the majority of the share capital in the company.

14. Transactions with related parties

According to section 98c(7) of the Danish Financial Statements Act, only non-arm’s-length related party transactions are disclosed. However, all transactions have been made on arm’s length basis in the financial year.

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 (medium).

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

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.

Fair value adjustments of investment property
Fair value adjustment of investment properties for the financial year of the Entity's investment properties measured at fair value at the balance sheet date.

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.

Accounting policies

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

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 or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

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 or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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

Balance sheet
Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether 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 to 20 years.

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

Accounting policies

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For 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
In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits and losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised 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 to 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.

Accounting policies

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

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

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

Income tax payable or receivable
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.

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.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments.

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

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.

Accounting policies

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.

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.