Danica Corporation A/S

Steensbjerg Industri Park, Påstrupvej 1, 3550 Slangerup

Company reg. no. 25 05 11 22

Annual report

1 January - 31 December 2016

The annual report have been submitted and approved by the general meeting on the 31 May 2017.

Per Barke Nevermann
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Dānica®

Management's report

The board of directors and the managing director have today presented the annual report of Danica Corporation A/S for the financial year 1 January to 31 December 2016.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Slangerup, 31 May 2017

Managing Director

Steffen Barke Nevermann
managing director

Board of directors

Per Barke Nevermann
chairman

Steffen Barke Nevermann

Else Margrethe Nevermann

Tine Barke Nevermann Tesdorpf

Nikolas Barke Nevermann

Independent auditor's report

To the shareholders of Danica Corporation A/S

Opinion

We have audited the annual accounts of Danica Corporation A/S for the financial year 1 January to 31 December 2016, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company’s ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 company's internal control.

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

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the 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 annual accounts 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Hillerød, 31 May 2017

Grant Thornton
State Authorized Public Accountants
Company reg. no. 34 20 99 36

Claus Koskelin
State Authorised Public Accountant

Company data

The company	Danica Corporation A/S Steensbjerg Industri Park Påstrupvej 1 3550 Slangerup
	Company reg. no. 25 05 11 22 Established: 22 November 1999 Domicile: Slangerup Financial year: 1 January - 31 December
Board of directors	Per Barke Nevermann, chairman Steffen Barke Nevermann Else Margrethe Nevermann Tine Barke Nevermann Tesdorpf Nikolas Barke Nevermann
Managing Director	Steffen Barke Nevermann, managing director
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Nordstensvej 11 3400 Hillerød
Bankers	Handelsbanken A/S Banco do Brasil S.A. Caixa Economica S.A.
Lawyer	Adlex Advokater Partnerselskab, Købmagergade 60, 3. sal, 1150 Copenhagen
Parent company	Danica Corporation Holding A/S
Associated enterprise	DanicaZipco Sistemas Construtivos S.A., Brazil

Management's review

The principal activities of the company

The main activity of the company is to hold shares in DanicaZipco Sistemas Construtivo S.A., Brasil.

The management report is based on the activities in the associated company DanicaZipco.

6 Manufacturing Facilities | 8 Business Divisions

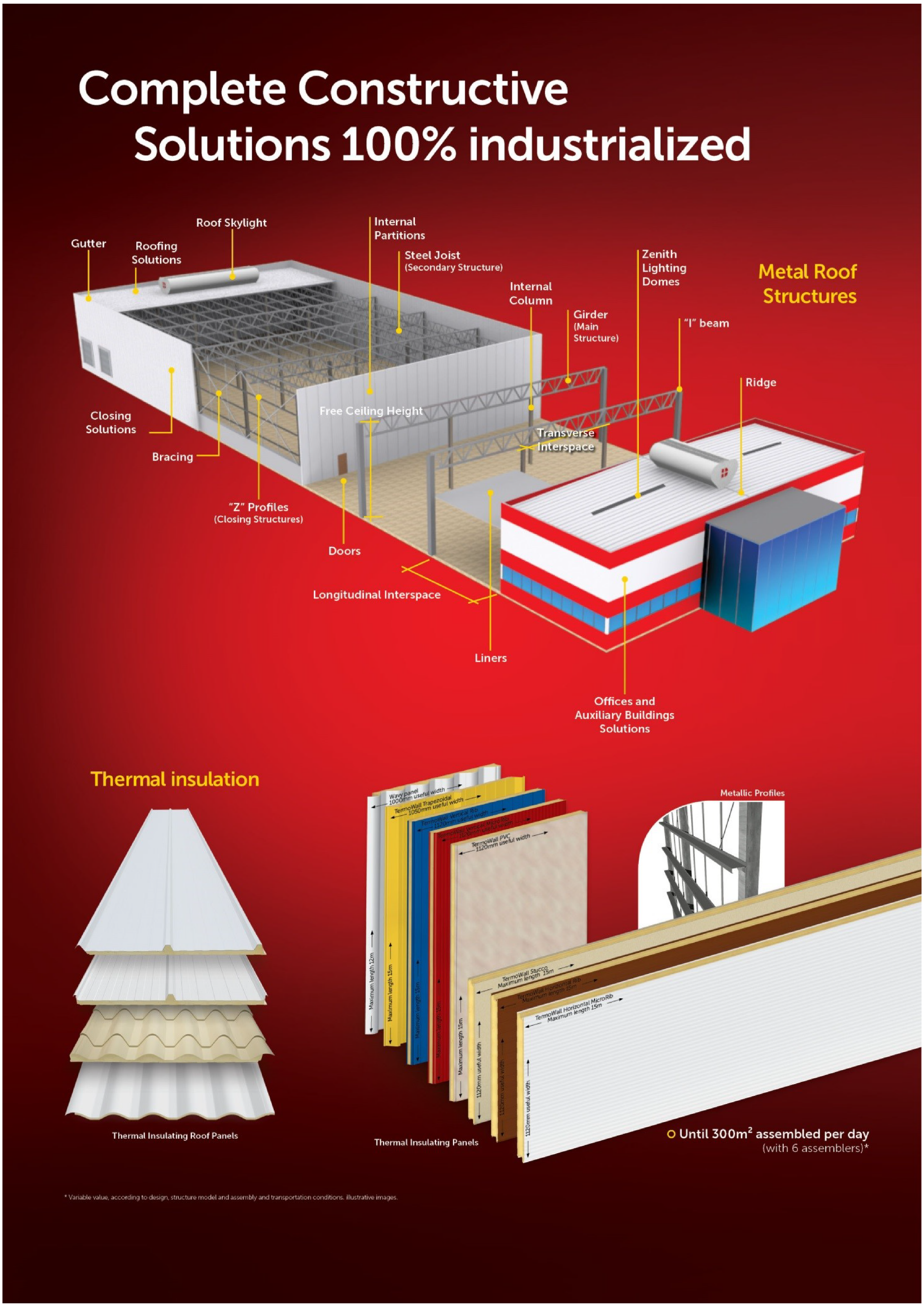
Built-up area of **3,8** million square meters per year

>200 simultaneous **projects**

About DanicaZipco

DanicaZipco is the leader brand in Thermal Insulating systems and Metal Roof structures in Latin America. It has almost 40 years experience in complete solutions of projects and engineering, going through manufacturing and commercialization, according to each customer needs. Its eight business divisions serve the main customers of several segments: foods, pharmaceutical, logistic, marine, civil constructions and others. It has 8 units in America, highlighting its 6 manufacturing facilities in Joinville-SC, Recife-PE, Lucas do Rio Verde-MT, Aparecida do Taboado-MS, Toluca (MEX) and Santiago (CHI).

6 Manufacturing Facilities


Complete Constructive Solutions 100% industrialized
Gutter
Roofing Solutions
Roof Skylight
Internal Partitions
Steel Joist (Secondary Structure)
Internal Column
Girder (Main Structure)
Zenith Lighting Domes
"I" beam
Metal Roof Structures
Ridge
Closing Solutions
Bracing
Free Ceiling Height
Transverse Interspace
"Z" Profiles (Closing Structures)
Doors
Longitudinal Interspace
Liners
Offices and Auxiliary Buildings Solutions
Thermal insulation
Thermal Insulating Roof Panels
Thermal Insulating Panels
Metallic Profiles
Until 300m² assembled per day (with 6 assemblers)*
* Variable value, according to design, structure model and assembly and transportation conditions. Illustrative images.

Management's review

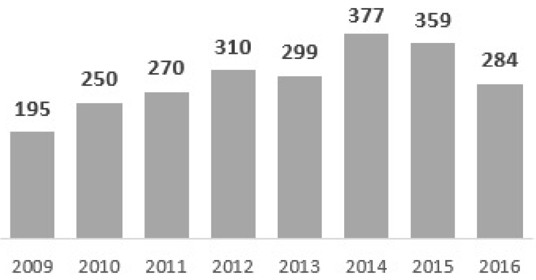
Development in activities and financial matters

The results from ordinary activities after tax are t.DKK -27.792 against t.DKK 20.028 last year. The management consider the results usatisfactory and as a result of adjustments i the associated company DanicaZipco.

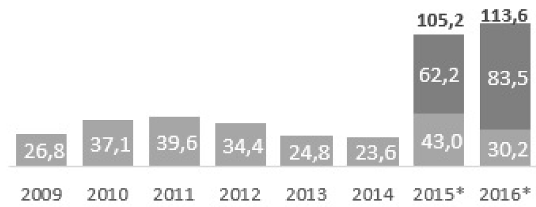
Danica Corporation A/S has participated in capital increases during the year in DanicaZipco and have furthermore purchered 11,15 % of the capital in 2016. The ownership interest is therefore 40,81 % at 31 December 2016 against 29,66 % at 31 December 2015.

Highlights

Net Operating Revenue (R$ million)

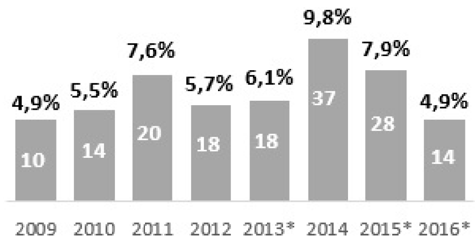


> **Equity** (R$ million)



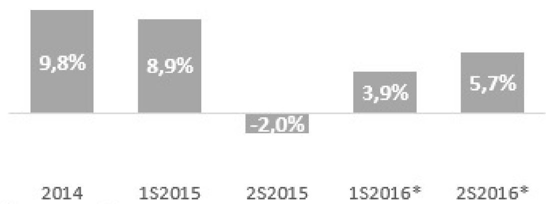
* Includes convertible debentures with Pátria Investimentos

> **Adjusted EBITDA Margin** (%)
--- Adjusted EBITDA (R$ million)



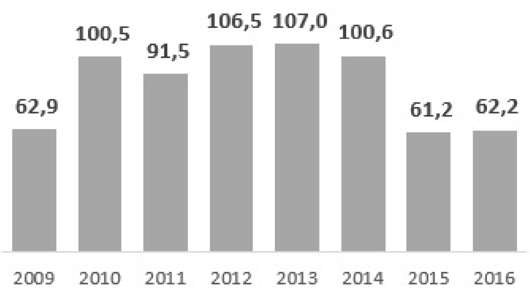
* Adjusted exclud extraordinary non-recurring

> **Adjusted EBITDA Margin** (%)

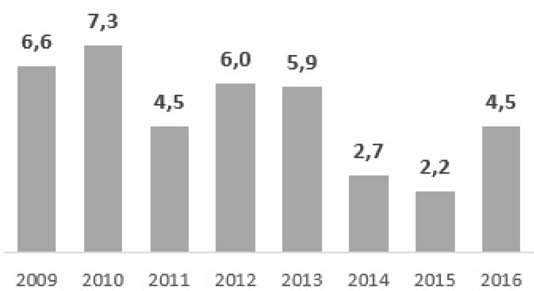


* Management

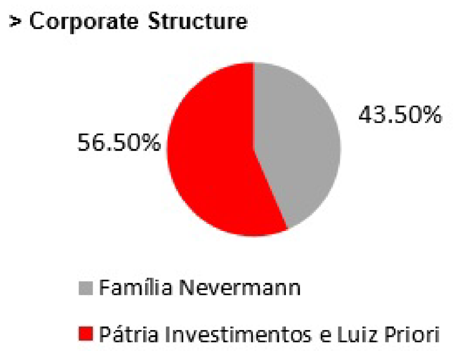
> **Net Debt with Third Parties** (R$ million)



> **Net Debt with Third Parties / Adjusted EBITDA** (multiple)



Management's review



> The company is part of Pátria Investimentos/Blackstone Group portfolio

PATRIA

In partnership with Blackstone

Analysis and perspectives

2016 was marked by political and economic uncertainties. The Brazilian economy's poor performance even more intensified in the civil construction sector posed major challenges to the Company so that the focus on seeking the best trading opportunities in the market, the increase of efficiency, and reduction of expenditures were mandatory to expand the company's resilience.

Among the main achievements during the year, it is worth mentioning:

- Implementation of the Post-merger Integration process, with effective changes in the Organizational Structure and in the company's footprint;
- Development of more efficient products due to partnerships with strategic suppliers;
- Reduction of the Working Capital, still in a challenging economic environment.
- Inflow of Capital from Shareholders, reinforcing the commitment and confidence in the company.

Thus, in 2016 the company proceeded with its focus on the Post-Merger integration and on improving customer service, presenting the required resilience to manage costs and expenses in this challenging economic scenario.

For 2017, the cross-sell strategy will continue being expanded, aligned with the development of more efficient products. Another strategic pillar will be the systematic control of expenses and the implementation of strong actions for improvement of the Working Capital.

Management's review

Post-merger integration

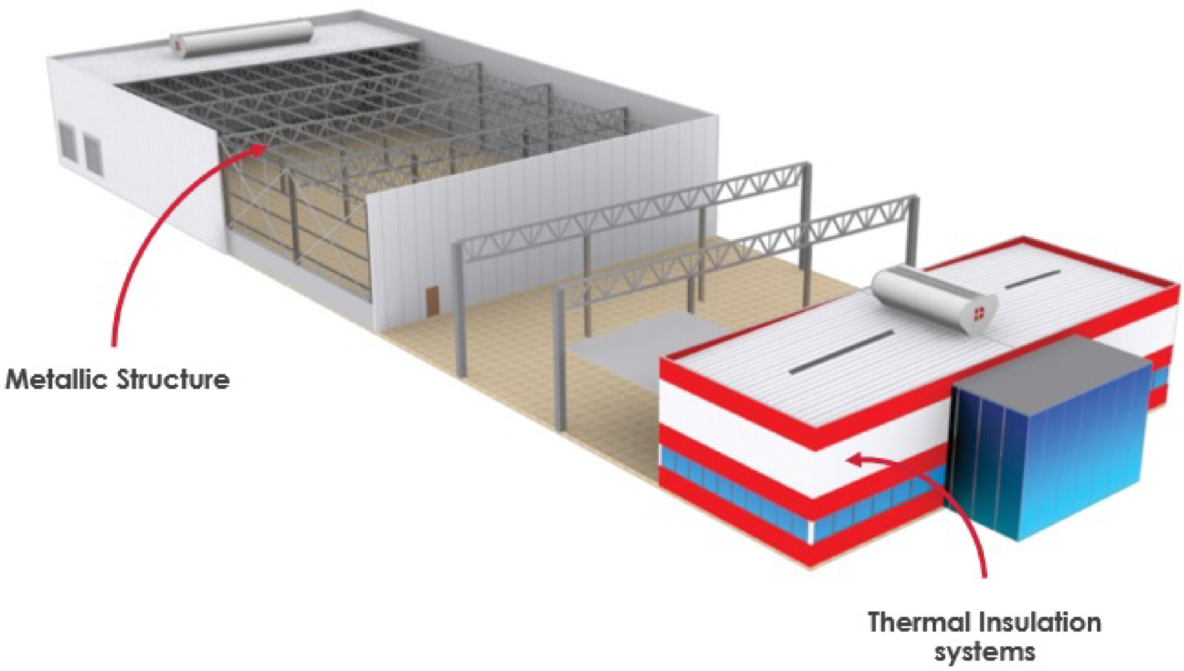
In July 2015, Dânica Termoindustrial Brasil S.A. completed the merger with Zipco S.A. creating **DânicaZipco Sistemas Construtivos S.A.**, uniting businesses with complementary competences:

- **Dânica:** a Brazilian leader in production of thermal insulation panels and tiles, working mainly in the refrigerated chambers, supermarkets, industrial, residential and retail civil construction, clean rooms and marine & offshore segments.
- **Zipco:** focused on the production and assembly of metal structures and roofing for the construction industry.

DânicaZipco has as its market positioning to provide pre-engineered and pre-fabricated constructive solutions with standardized parts, which reduces: (1) the use of labor, (2) the execution time of the work and (3) waste (clean and dry construction).

The resulting company is the only one in the domestic market to offer an integrated solution for metallic structures and thermal insulation systems, which decreases the number of suppliers and reduces costs to the end customer.

Providing a Complete Integrated Solution



Management's review

In 2016, the company was engaged in the Post-Merger Integration process, and managed to:

- Streamline processes and the Organizational Structure: one of the great benefits already captured by the Post-Merger Integration process was the Organizational Structure review based on the analysis of the company's key business processes, having the customer as a focal point and operation in the areas in a lean concept. This process managed to identify opportunities (already captured) of 9% in the total number of employees.

- Optimize the Administrative and Engineering Offices structure: in May 2016, the Administrative and Engineering offices structure optimization was finalized, consolidating the team in Joinville (DânicaZipco’s new headquarters in Joinville/SC), closing the Nova Bassano (RS) office and transferring the purchasing and planning operational departments from São Paulo (SP) and Aparecida do Taboado (MS) to Joinville (SC) and keeping the São Paulo office to meet business demands. The goal was to centralize the " order-to-cash " process in Joinville (SC), except for production in their manufacturing plants.

- Optimize footprint: Since January 2016, the company could rely on the benefits of the transfer of the metallic structures manufacturing unit from Paulista/PE to Aparecida do Taboado/MS, where the main manufacturing plant of DânicaZipco is located, counting with a more strategic logistics position in relation to major markets in Brazil and ensuring a high scale and higher quality production. The investment in the expansion from 10,000 m2 to 16,000 m2 amounted to R$ 10 million, funded 80% by FCO (Center West Constitutional Financing Fund).

Aparecida do Taboado/MS facility...

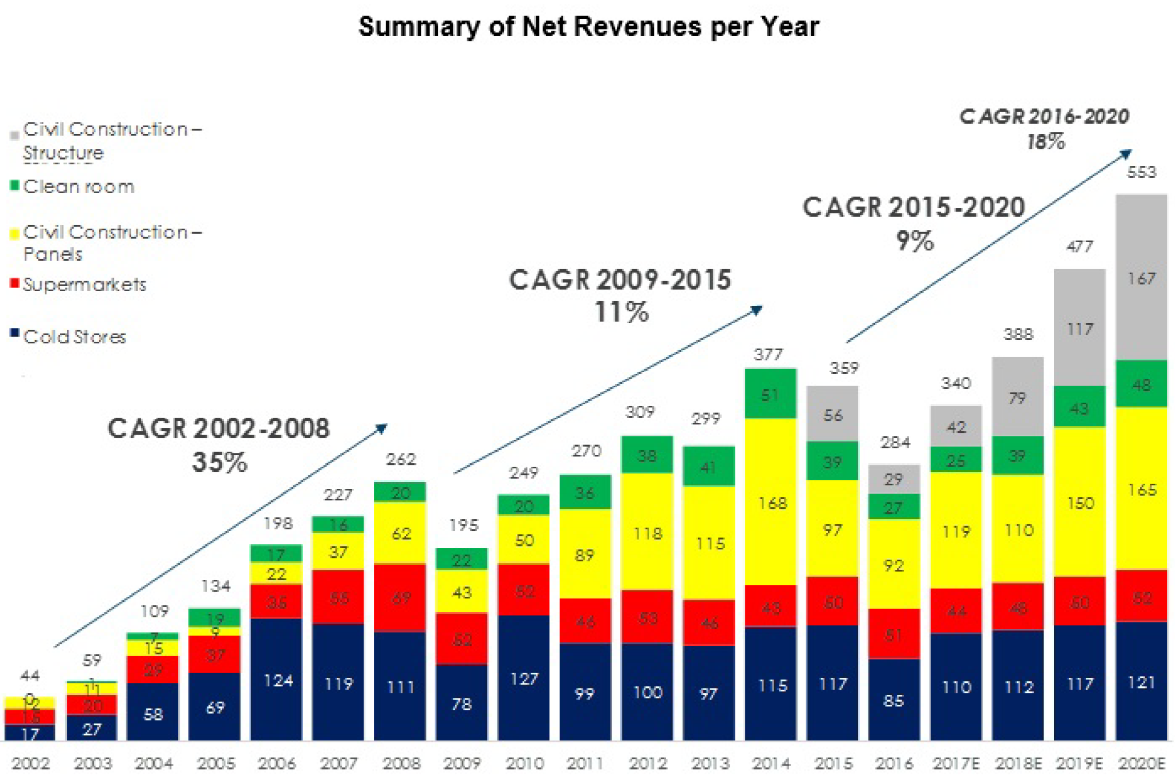
...and the new facility expansion.

- Expand the cross-sell strategy: one of the main pillars for the expansion of the cross-sell strategy was the structured redesign of the company's Go-to-Market. In addition to the gain derived from the unification of commercial offices, professionals were trained to work with cross-sell, so that the specialized assistance in both thermo-insulated panels as in metallic structures is offered to the customer by the same professional. Aligned with this effort, a Contract Management area was structured to serve customers with greater agility.

- Reduce expenses: throughout the year the company gradually followed the implementation of expense controls to capture the benefits and not impact the customer service level. In annualized terms, there was a decrease of R$ 9.5 MM in the 2016 expenses compared with 2015. In this first year, these reductions were impacted by the respective implementation cost. For 2017 the capture will be full.

Main projects in 2017 and 2020 plan

2020 Strategy: The industrialized construction market had strong growth between 2002 and 2014 and has great growth prospects for the long term, respecting the cyclical market characteristics. The strategy is to focus on increasing operational efficiency and business performance, allowing the company to be better positioned and ready for the growth resumption, with an eye on the company's 2020 Strategic Plan.



Management's review

In 2017, the company will maintain the focus on projects of:

- Expense Control: to capture more savings with the integration process, the company will unfold an integral project of Macro-processes review (called "Step 8"), following the best management practices implemented by Pátria Investimentos;
- Strict cash, debt and working capital control: through net receivables control and credit policies review, inventory control and purchasing terms negotiation with its suppliers;
- Exploration of cross-sell, go-to-market opportunities and product portfolio innovation: In addition to the effort of expanding cross-sell sales, the company is engaged in the development of new products, through technological partnerships with strategic suppliers. In 2016 there was the development of thermo-insulated panels using high-density PIR chemical, providing a more complete solution to customers, with higher cost-benefit.

The DânicaZipco's board of directors, management and team are focused on the strategic plan for 2020, with the objective of consolidating and expanding the company's leadership in the constructive solutions industry and accelerate construction productivity in Brazil and Latin America, with profitability, solidity and return.

Managerial form-to

	Management	Adjustments		Audited
	Dec.31.2016	Dec.31.2016		Dec.31.2016
Net operating revenue	284,078	-		284,078
Cost of sales and services	(225,915)	(27,659)	(a), (b)	(253,574)
Gross profit	58,163	(27,659)		30,504
Operating expenses				
Selling, General and Administrative Expenses	(49,370)	(6,100)	(c)	(55,470)
Other expenses	(906)	-		(906)
Earnings before finance income (costs)	7,887	(33,759)		(25,872)
Finance cost, net	(16,031)	(19,652)	(d), (e)	(35,683)
Foreign exchange gains (losses), net	3,745	-		3,745
Loss before income tax and social contribution	(4,399)	(53,411)		(57,810)
Deferred income tax and social contribution	1,496	18,429	(f)	19,925
Loss for the year	(2,904)	(34,982)		(37,885)

Adjustments:

(a) Costs related to the closure of the Paulista (PE) plant and Post-Merger Integration: -R$ 15.5MM;

(b) Costs of the "Operação Padrão (Standard Operation)" at Ports and exceptional costs in the steel supply: -R$ 12.2MM;

(c) Costs of Resizing actions implementation: -R$ 6.1MM;

(d) Finance Costs of convertible debentures: R$ -13.6MM;

(e) NDF (Non-deliverable forwards) transactions: -R$ 6.1MM;

(f) Deferred income tax and social contribution on adjustments: R$ 18.4 MM.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for Danica Corporation A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Accounting policies used

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

	31.12.2013	**31.12.2014**	**31.12.2015**	**31.12.2016**
DKK / BRL (Brasil)	2,3241	2,2978	1,7559	2,1671
DKK / PMX (Mexico)	0,4187	0,4167	0,3949	0,3415
DKK / USD (USA)	5,4127	6,1214	6,8561	7,0528
DKK / EUR (Europa)	7,4603	7,4436	7,4625	7,4344

The profit and loss account

Gross profit

The gross profit comprises the net turnover, production costs and other operating income.

Accounting policies used

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

When the results of a contract can not be determined reliably, the net turnover is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Administration costs

Administration costs comprise costs which have been incurred during the year for management and administration, including costs for the administrative staff, the executive board, offices, stationery and office supplies, and depreciation.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investments in group enterprise and associated enterprise

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the group enterprise is recognised in the profit and loss account at a proportional share of the group enterprise's results after tax.

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the associated enterprise is recognised in the profit and loss account at a proportional share of the associated enterprise's results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Financial fixed assets

Equity investments in group enterprise and associated enterprise

Equity investments in group enterprise and associated enterprise are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprise and associated enterprise are transferred to the reserves under the equity for net revaluation as per the equity method. Dividend from group enterprise expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprise and associated enterprise.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprise and associated enterprise are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprise and associated enterprise, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates. It is not possible to recognise the reserves with a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Danica Corporation A/S is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Accounting policies used

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

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

Profit and loss account 1 January - 31 December

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

Note		2016	2015
	Gross profit	**0**	**0**
	Administration costs	-89.729	-193
	Operating profit	**-89.729**	**-193**
	Income from equity investment in group enterprise	0	32.395
	Income from equity investment in associated enterprise	-27.254.196	-14.073
	Other financial income from group enterprises	0	109
	Other financial income	106.224	2.348
	Other financial costs	-553.820	-558
	Results before tax	**-27.791.521**	**20.028**
	Tax on ordinary results	0	0
	Results for the year	**-27.791.521**	**20.028**
	Proposed distribution of the results:		
	Reserves for net revaluation as per the equity method	-2.694.433	6.777
	Allocated to results brought forward	0	13.251
	Allocated from results brought forward	-25.097.088	0
	Distribution in total	**-27.791.521**	**20.028**

Balance sheet 31 December

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

Note	Assets	2016	2015
	Fixed assets		
1	Equity investment in associated enterprise	26.671.538	22.420
	Financial fixed assets in total	26.671.538	22.420
	Fixed assets in total	**26.671.538**	**22.420**
	Current assets		
	Amounts owed by group enterprises	88.064	0
	Amounts owed by associated enterprises	109.200	16.079
	Other debtors	4.476	0
	Debtors in total	201.740	16.079
	Available funds	61.089	12.747
	Current assets in total	**262.829**	**28.826**
	Assets in total	**26.934.367**	**51.246**

Balance sheet 31 December

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

Equity and liabilities

Note		2016	2015
	Equity		
	Contributed capital	500.000	500
2	Reserves for net revaluation as per the equity method	0	4.279
	Results brought forward	16.864.636	41.962
	Equity in total	**17.364.636**	**46.741**
	Liabilities		
	Bank debts	611.352	0
	Trade creditors	13.250	0
	Debt to group enterprises	8.945.129	4.474
	Other debts	0	31
	Short-term liabilities in total	9.569.731	4.505
	Liabilities in total	**9.569.731**	**4.505**
	Equity and liabilities in total	**26.934.367**	**51.246**

3 **Contingencies**
4 **Related parties**

Notes

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

		31/12 2016	31/12 2015
1.	**Equity investment in associated enterprise**		
	Acquisition sum, opening balance opening balance	23.837.783	0
	Additions during the year	33.092.323	23.838
	Cost closing balance	**56.930.106**	**23.838**
	Revaluation, opening balance opening balance	-1.419.428	0
	Adjustment of previous revaluations	0	17.232
	Translation by use of the exchange rate valid on balance sheet date	129.011	-5.922
	Results for the year before goodwill amortisation	-27.254.196	-14.073
	Other movements in capital	-1.713.955	1.345
	closing balance	**-30.258.568**	**-1.418**
	Book value closing balance	**26.671.538**	**22.420**

The financial highlights for the enterprise according to the latest approved annual report

	Share of ownership	Equity DKK	Results for the year DKK	Book value at Danica Corporation A/S DKK
DanicaZipco Sistemas Construtivos S.A., Brazil	40,81 %	65.355.402	-76.410.256	26.671.538

		31/12 2016	31/12 2015
2.	**Reserves for net revaluation as per the equity method**		
	Reserves for net revaluation opening balance	4.279.377	14.946
	Share of results	-2.694.433	6.777
	Exchange rate adjustments	129.011	-8.181
	Equity adjustments	-1.713.955	-9.263
		0	**4.279**

Notes

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

3. Contingencies

Joint taxation

Danica Corporation Holding A/S, company reg. no 31 76 43 86 being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

The liabilities amount to a maximum corresponding to that share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company. Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

4. Related parties

Consolidated annual accounts

The company is included in the consolidated annual accounts of Danica Corporation Holding A/S, reg.no. 31 76 43 86.