Ammeraal Beltech Modular A/S

Hjulmagervej 21
7000 Vejle

CVR no. 25 53 94 19

Annual report 2016

The annual report was presented and approved at the Company's annual general meeting on

29 May 2017

chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ammeraal Beltech Modular A/S for the financial year 1 January – 31 December 2016.

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

In our opinion, the financial statements 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 – 31 December 2016.

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

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

Vejle, 29 May 2017
Executive Board:

Alex Peter Ludvigsen

Board of Directors:

Miranda Diana Boom Chairman	Prakash Krishnaswamy Iyengar	Jorge Comerma Crusafon
José Wattez - KREBS Employee representative	Martin Stoustrup Petersen Employee representive	

Independent auditor's report

To the shareholder of Ammeraal Beltech Modular A/S

Opinion

We have audited the financial statements of Ammeraal Beltech Modular A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements 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 – 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 (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 financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

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

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

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these 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 company 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 Company's internal control.

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

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

- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Independent auditor's report

audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Kolding, 29 May 2017
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Nikolaj Møller Hansen
State Authorised
Public Accountant

Management's review

Company details

Ammeraal Beltech Modular A/S
Hjulmagervej 21
7000 Vejle

CVR no.:	25 53 94 19
Registered office:	Vejle
Financial year:	1 January – 31 December

Board of Directors

Miranda Diana Boom, Chairman
Prakash Krishnaswamy Lyengar
Jorge Comerma Crusafon
Jose Wattez, Employee representative
Martin Stoustrup Petersen, Employee representive

Executive Board

Alex Peter Ludvigsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Jupitervej 4, st.
6000 Kolding

Management's review

Financial highlights

DKK'000	2016	2015	2014	2013	2012
Key figures					
Revenue	353,892	349,780	302,578	277,263	261,880
Gross profit/loss	153,862	149,978	126,204	118,026	122,468
Ordinary operating profit/loss	62,142	51,100	36,057	29,072	34,567
Profit/loss from financial income and expenses	-583	-1,730	-1,880	-6,732	-8,608
Profit/loss for the year	46,662	36,223	25,938	9,535	18,022
Total assets	276,030	234,005	223,046	236,548	223,239
Equity	207,597	160,532	122,337	94,374	85,792
Investment in property, plant and equipment	7,844	12,295	21,787	12,529	6,536
Ratios					
Gross margin	43.5%	42.9%	41.7%	42.6%	46.8%
Operating margin	17.6%	14.6%	11.9%	10.5%	13.2%
Return on equity	25.4%	25.6%	23.9%	10.6%	20.4%
Average number of full-time employees	192	194	190	182	177

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios have been calculated as follows:

Gross margin $\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$

Operating margin $\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$

Return on equity $\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$

Management's review

Operating review

Principal activities

The company´s activity consists of development, production and sale of modular belts and chains made of plastic and steel for the use on internal conveyors. Primary market sgements are the food processing, packaging and automotive industries.

Development in activities and financial position

The growth continued in 2016 for Ammeraal Beltech Modular A/S. Sale of our modular products grew globally with all major products series and on all major markets.

Revenue increased to 353,892 thousand against DKK 349,780 thousand in 2015. The companys income statement for 2016 shows a profit of DKK 46,662 against DKK 36,223 thousand last year, and the balance sheet at 31. December 2016 shows equity of DKK 207,597 thousand.

In an overall perspective, performance in 2016 was in line with last year and expectations and is considered satisfactory.

Events after the balance sheet date

No events have occurered after the balance sheet date significantly affecting the assesment of the annual report.

Outlook

Results for 2017 are expected to be in line with 2016.

Particular risks

Operating risks

The key business risk of Ammeraal Beltech Modular A/S is related to the potential inability to be competitive in our main markets. Our continous devolpment and launching of new products reduce this risk.

Financial risks

The company invoices in DKK currency as well as a number of foreign currencies, primarily Euro, USD Dollars and Great British Pounds. Purchases are made primarily in DKK kroner and Euro.

Management's review

Operating review

Environmental matters

Ammeraal Beltech Modular A/S is working continuously on new initiatives to minimize the resource consumption, waste production and environmental impact. The production of modular products requires a lot of electricity. Our focus is therefore mainly on our electricity consumption.

At the end of 2016, the company has no outstanding enforcement orders in relation to its enviromental permits.

Corporate social responsibility

Worldwide Ammeraal Beltech Modular A/S is constantly dealing with new legislations and regulations in the field of environment. Furthermore, the use of certain raw materials, which are essential for the production process, is being impacted by different regulations including REACH, the European chemicals regulation.

Some suppliers will simply change the formulations of their supply, which could cause changes in specifications of the used raw materials and others will discontinue their supply.

To mitigate this risk, factories execute in this regard, in close consultation with their suppliers, additional acceptance tests and analyses in order to rule out possible adverse changes in the performance of their products. In addition, the group companies as socially responsible companies constantly keep looking for ways to use less and less environmentally harmful materials in the production process and produce environmental awareness.

The investments of the past year(s), are contributing to produce more environmentally friendly.

'At the current stage, we haven't implemented any formal policies, in regards to CSR, impacts on climate and human rights.

Management's review

Operating review

Goals and policies for the underrepresented gender

Ammeraal Beltech Modular A/S is of the opinion that a diverse and accommodating organisation makes the Company stronger, fosters a fruitful and innovative working environment and gives the Company additional competitive strength.

We intend to develop and make use of the full potential of our employees and ensure work-life balance for our employees in this respect. Gender equality among the management members and focus on diversity is an integrated part of Ammeraal Beltech Modular A/S informal staff policy.

Ammeraal Beltech Modular A/S has a female chairman of the Board of Directors, accounting for a ratio of 33% of the Board of Directors. Employee representives are not elected by the board and as such does not count as board of directors in relation to genderrepresentive. Gender is not decisive to election for the Board of Directors of Ammeraal Beltech Modular A/S. By contrast, board members are elected due to their insight into the lines of business in which Ammeraal Beltech Modular A/S operates. The Board of Director's goal for gender diversity is to ensure representation by both genders, which also is the goal going forward.

In addition, Ammeraal Beltech Modular A/S's informal staff policy sets out to ensure that both genders are to be represented on other management levels. To increase the number of females on other management levels and to follow the example of the Board of Directors before 2020, Ammeraal Beltech Modular A/S will, e.g. for the purpose of recruitment processes, require candidates from both genders and in any subsequent planning take into account the underrepresented sex.

Other management level consists of 6 people whereof one is female and was hired in 2013 as management for human relation.

Through its staff, Ammeraal Beltech Modular A/S wishes to reflect modern society and convey diversity.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Revenue	2	353,892	349,780
Cost of goods sold		-135,080	-134,355
Other external costs		-64,950	-65,447
Gross profit		153,862	149,978
Staff costs	3	-81,028	-84,823
Depreciation, amortisation and impairment		-10,692	-14,055
Operating profit		62,142	51,100
Financial income from group entities		-1,248	-2,228
Financial income	4	2,875	5,045
Financial expenses	5	-3,458	-6,775
Profit before tax		60,311	47,142
Tax on profit/loss for the year	6	-13,649	-10,919
Profit for the year	7	46,662	36,223

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Fixed assets			
Intangible assets	8		
Acquired intangible assets		1,238	786
		1,238	786
Property, plant and equipment	9		
Land and buildings		8,443	8,827
Fixtures and fittings, tools and equipment		301	1,002
Property, plant and equipment in progress		42,193	44,905
Plant and machinery		1,353	1,861
		52,290	56,595
Investments	10		
Equity investments in group entities		1,725	2,571
Deposits		4,432	4,345
		6,157	6,916
Total fixed assets		59,685	64,297
Current assets			
Inventories			
Raw materials and consumables		12,418	9,628
Finished goods and goods for resale		40,395	43,221
		52,813	52,849
Receivables	11		
Trade receivables		6,154	5,555
Receivables from group entities		154,597	106,716
Other receivables		843	175
Prepayments	12	1,521	2,094
		163,115	114,540
Cash at bank and in hand		417	2,319
Total current assets		216,345	169,708
TOTAL ASSETS		276,030	234,005

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Balance sheet

DKK'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity	13		
Share capital		3,000	3,000
Retained earnings		204,597	157,532
Total equity		207,597	160,532
Provisions			
Provisions for deferred tax	14	6,128	7,001
Other provisions	15	3,523	2,922
Total provisions		9,651	9,923
Liabilities other than provisions			
Non-current liabilities other than provisions			
Lease obligations	16	5,418	6,419
		5,418	6,419
Current liabilities other than provisions			
Current portion of non-current liabilities	16	1,002	972
Trade payables		25,525	25,127
Corporation tax		14,721	11,857
Other payables		12,116	19,175
		53,364	57,131
Total liabilities other than provisions		58,782	63,550
TOTAL EQUITY AND LIABILITIES		276,030	234,005

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Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2016	3,000	157,532	160,532
Foreign exchange adjustment, foreign subsidiary	0	403	403
Transferred over the profit appropriation	0	46,662	46,662
Equity at 31 December 2016	3,000	204,597	207,597

There have been no changes in the share capital during the last five years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Ammeraal Beltech Modular A/S for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

— Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Ammeraal Beltech Modular A/S and group entities are included in the consolidated financial statements of Ammeraal Beltech Holding B.V., adress Comeniusstraat 8, 1817 MS, Alkmaar, The Netherlands.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Ammeraal Beltech Holding B.V.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Leases

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

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations, etc.

Income statement

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

is determined using standard Incoterms ® 2010.

Revenue from the sale of goods where installation is a condition for significant risks being considered to have been transferred to the buyer is recognised as revenue when installation has been completed.

Revenue from the sale of goods where delivery has been postponed at the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

A contract is broken down by individual transactions when the fair value of the individual sales transactions may be reliably measured, and the individual sales transactions are of separate value to the buyer. Sales transactions are deemed to be of a separate value to the buyer when the transaction is individually identifiable and usually sold individually. The contract price is broken down by the individual sales transactions in accordance with the fair value method. The separate sales transactions are recognised as revenue when complying with the criteria applying to the sale of goods and services.

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

For products with a high degree of customisation, revenue is recognised as production takes place, and accordingly, revenue corresponds to the selling price of the work performed for the year (the percentage of completion method). When total income and costs attributable to the contract or the stage of completion at the balance sheet date cannot be estimated reliably, revenue is recognised only at costs incurred and only to the extent that the recovery thereof is likely.

Revenue from the sale of services is recognised on a straight-line basis in the income statement as the services are provided.

Services based on time spent are recognised in revenue as the work is performed.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Income from investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from investments in subsidiaries are recognised in the income statement in the financial year in which dividend is declared. To the extent that the distributed dividend exceeds accumulated earnings at the acquisition date, the dividend is recognised as write-down of the cost of the equity investment.

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that re lates to transactions taken to equity is recognised in equity.

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

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

Financial statements 1 January – 31 December

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1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding 7 years.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	10 - 33 years
Plant and machinery	5 - 10 years
Fixtures and fittings, tools and equipment	5 - 10 years
Leasehold improvements	10 - 14 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Investments in group entitles

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

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

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated selling costs. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net rea lisable value or at fair value if the obligation concerned is expected to be settled far into the future.

Corporation tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

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1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabi lities are measured at the net present value of the remaining lease payments including a guaranteed residual value, if any, based on the interest rate implicit in the lease.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Segment information

Segment information is provided on geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

2 Segment information

DKK'000	2016	2015
Revenue, Europe	259,698	255,056
Revenue, USA	50,899	54,738
Revenue, Latin Amerika	5,881	4,743
Revenue, Asia	31,692	31,923
Revenue, Other	5,722	3,320
	353,892	349,780

The distribution of revenue across business segments is, in accordance with the Danish Financial Statements Act, section 96 (1), not disclosed, as information about this may cause material damage to the Group.

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3 Staff costs

DKK'000	2016	2015
Wages and salaries	73,513	76,813
Pensions	6,107	6,308
Other social security costs	1,408	1,702
	81,028	84,823
Average number of full-time employees	192	194

Staff costs include remuneration of the Executive Board and Board of Directors of DKK 2,124 thousand (2015: DKK 2,591 thousand).

4 Financial income

DKK'000	2016	2015
Foreign exchange gains	2,110	4,868
Other interest income	765	177
	2,875	5,045

5 Financial expenses

Interest expense to group entities	7	2,344
Foreign exchange losses	3,156	4,088
Other financial expenses	295	343
	3,458	6,775

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6 Tax on profit/loss for the year

DKK'000	2016	2015
Current tax for the year	14,522	11,857
Adjustment of deferred tax for the year	-873	-938
	13,649	10,919

7 Proposed profit appropriation

Retained earnings	46,662	36,220
	46,662	36,220

8 Intangible assets

DKK'000	Acquired intangible assets
Cost at 1 January 2016	21,837
Additions in the year	1,131
Cost at 31 December 2016	22,968
Amortisation and impairment losses at 1 January 2016	-21,051
Amortisation/depreciation in the year	-679
Amortisation and impairment losses at 31 December 2016	-21,730
Carrying amount at 31 December 2016	1,238

9 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2016	24,117	253,621	15,133	1,002	293,873
Additions	407	5,792	212	1,433	7,844
Disposals	0	-207	-127	-2,134	-2,468
Cost at 31 December 2016	24,524	259,206	15,218	301	299,249
Depreciation and impairment losses at 1 January 2016	-15,290	-208,716	-13,272	0	-237,278
Depreciation	-791	-8,502	-720	0	-10,013
Reversed depreciation and impairment losses	0	205	127	0	332
Depreciation and impairment losses at 31 December 2016	-16,081	-217,013	-13,865	0	-246,959
Carrying amount at 31 December 2016	8,443	42,193	1,353	301	52,290
Assets held under finance leases	0	8,011	0	0	8,011

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10 Investments

DKK'000	Equity investments in group entities	Deposits
Cost at 1 January	10,087	4,345
Additions	0	87
	10,087	4,432
Value adjustments at 1 January	-7,517	0
Exchange adjustment	402	0
Profit/loss for the year	-2,396	0
Change in intragroup gains	1,149	0
Value adjustments at 31 December	-8,362	0
Carrying amount at 31 December	1,725	4,432

Name/legal form	Registered office	Equity interest
Subsidiaries:		
Ammeraal Beltech Modular Inc.	Pennsylvania, USA	100%

11 Receivables

Receivables from group entities comprise t.DKK 83,293 regarding cash pool (2015: t.DKK 38,125).

12 Prepayments

DKK'000	2016	2015
Interests expenses, buildings	488	715
Insurance	25	34
Oracle, maintenance fee	308	260
Electricity tax	0	160
Other Prepayments	700	925
	1,521	2,094

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13 Equity

The share capital consists of 3 shares of a nominal value of DKK 1,000,000.00 each.

All shares rank equally.

14 Deferred tax

DKK'000	2016	2015
Deferred tax at 1 January	7,001	7,939
Deferred tax adjustment for the year in the income statement	-873	-938
	6,128	7,001
Provisions for deferred tax relate to:		
Intangible assets	272	173
Property, plant and equipment	6,122	6,877
Investments (intra-group gains)	-573	-653
Lease commitments	-1,412	-1,626
Leasehold improvements	-310	-390
Inventory	1,801	2,452
Prepaid expenses and accrued revenue	228	168
	6,128	7,001

15 Other provisions

DKK'000	2016	2015
Warranty commitments	1,955	1,354
Other provisions	1,568	1,568
Other provisions at 31 December	3,523	2,922

16 Liabilities other than provisions

DKK'000	2016	2015	Total debt at 31/12 2016	Repayment, first year	Outstanding debt after five years
Lease obligations	6,420	7,392	6,420	1,002	0
	6,420	7,392	6,420	1,002	0

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17 Mortgages and collateral

The Company is part of a financing agreement entered into by the Group. The Group has obtained loans and credits, respectively. Intra-group receivables have been provided to Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. as security for the group financing agreement.

Furthermore, the Company has provided a company charge to Cooperatieve Centrale Raiffeisen secured on the Company's inventories, trade receivables and plant and equipment.

18 Contractual obligations, contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, Ammeraal Beltech Danmark A/S, which acts as management company. Together with Ammeraal Beltech Danmark A/S, the Company is jointly and severally liable for the payment of corporation taxes for the income year 2013 and onwards as well as for withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

DKK'000	2016	2015
Other financial obligations		
Rent and lease liabilities	0	82

19 Fees to auditor appointed at the general meeting

Statuary audit	165	186
Non-audit services	105	114
Tax assistance	5	55
Other assurance engagements (EY)	93	0
Total fees to KPMG (2016) EY (2015)	368	355

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20 Related party disclosures

Ammeraal Beltech Modular A/S' related parties comprise the following:

Control

Ammeraal Beltech Danmark A/S, Hjulmagervej 21, 7100 Vejle

Ammeraal Beltech Danmark A/S holds the majority of the share capital in the Company

Ammeraal Beltech Modular A/S is part of the consolidated financial statements of Ammeraal Beltech holding B.V., which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Ammeraal Beltch Holding B.V. can be obtained by contacting the Company.

Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital:

Ammeraal Beltech Danmark A/S
Hjulmagervej 21
DK-7100 Vejle