

BC Group A/S
Erhvervsvej 9
7760 Hurup Thy
Central Business Registration
No 25893018

Annual report 2016

The Annual General Meeting adopted the annual report on 29.03.2017

Chairman of the General Meeting

Name: _____


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Entity details

Entity

BC Group A/S
Erhvervsvej 9
7760 Hurup Thy

Central Business Registration No: 25893018

Registered in: Thisted

Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Søren Friis Knudsen, Chairman
Jesper Wadum Nielsen, Vice-Chairman
Jacob Østergaard Bergenholtz
Peter Thostrup
Jan Lythcke-Jørgensen
Peter Lynghøj Johansen

Executive Board

Geert Winther Skovsgaard, Chief Executive Officer
Esben Refsgaard Trier Lund, Chief Financial Officer
Niels Bach, Chief Operations Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of BC Group A/S for the financial year 01.01.2016 - 31.12.2016.

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

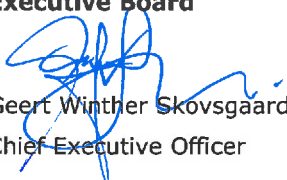
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

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

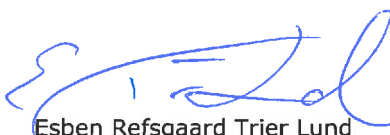
We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 29.03.2017

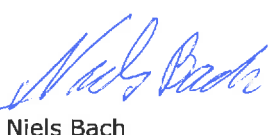
Executive Board



Geert Winther Skovsgaard
Chief Executive Officer



Esben Refsgaard Trier Lund
Chief Financial Officer

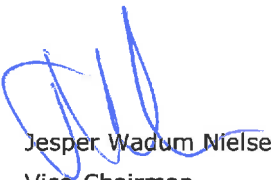


Niels Bach
Chief Operations Officer

Board of Directors



Søren Friis Knudsen
Chairman



Jesper Wadum Nielsen
Vice-Chairman



Jacob Østergaard Bergenholtz



Peter Thostrup



Jan Lythcke-Jørgensen



Peter Lynghøj Johansen

Independent auditor's report

To the shareholders of BC Group A/S

Opinion

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

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

Basis for opinion

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

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

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

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

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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could

Independent auditor's report

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.

Aarhus, 29.03.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Jacob Nørmark
State Authorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Revenue	418.603	450.443	356.617	262.134	451.173
Gross profit/loss	60.066	52.854	63.161	46.865	97.448
Operating profit/loss	12.390	6.360	25.993	16.895	61.763
Net financials	(2.889)	(3.567)	(9.727)	(9.791)	(10.057)
Profit/loss for the year	8.253	804	(370)	6.203	37.747
Total assets	160.831	195.175	201.466	172.019	160.683
Investments in property, plant and equipment	4.610	14.436	7.455	6.563	3.924
Equity	66.405	59.598	28.352	28.719	24.732
Employees in average	438	598	438	305	365
Ratios					
Gross margin (%)	14,3	11,7	17,7	17,9	21,6
Net margin (%)	2,0	0,2	(0,1)	2,4	8,4
Return on equity (%)	13,1	1,8	0,0	23,2	451,8
Equity ratio (%)	41,3	30,5	14,1	16,7	15,4

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

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

BC Group A/S is the parent company of a number of companies. The parent's primary activity is to act as a holding company and to provide financing of the Group's activities.

The Group's primary activity is to develop and manufacture composite components to the wind industry. Products are delivered globally primarily to the major OEMs in the wind energy sector.

Development in activities and finances

The underlying trend in the market for renewable energy sources is strong, which was supported by signing of COP 20 in Paris in late 2015, and the long-term forecast for wind energy is positive. Furthermore, the cost of energy from renewable energy sources is continuously becoming more competitive compared to fossil fuels, and in the past years costs per kWh for wind energy projects have decreased significantly.

In terms of overall installations, the market for wind energy measured as annual grid connected capacity decreased by approx. 13% compared to 2015, which was the strongest year ever for wind energy installations. This was primarily due to contraction in the Chinese market.

In 2016, the Company has completed a number of new customer projects, and this along with a satisfactory order entry secured an acceptable activity level.

Increased integration between supplier's and customer's technology departments, the platform owners, and the shared teams created a number of cost optimized solutions with a high degree of intelligent logistic advantages built into the products.

Early supplier involvement in designing future wind turbine platforms plays an important role for the preferred suppliers of this industry going forward, along with the design for manufacturing approach in early stages of the lifecycle of the products.

The Company is continuously focusing on optimizing and aligning production capacity and global footprint as well as implementing new production technology and improving productivity in all factories. During the year, a production line was closed down in Hurup, Denmark. This had a significant impact on earnings for the year due to one-off extraordinary costs, and the Company is now well positioned to service customer demand from the main production facilities in Lithuania, China and Spain.

On 30 January 2017, BWB Partners, which is the ultimate majority shareholder in the Company, signed a business combination agreement with Verdane Capital Advisors AS whereby Verdane acquires the majority of the shares in BC Group Holding A/S. BC Group Holding A/S indirectly owns 100% of the shares in BC Group A/S. Closing of the transaction is subject to approval by the Danish Competition and Consumer Authority.

Management commentary

Performance for the year

Revenue in 2016 year decreased by 7% to DKK 418.6m (2015: DKK 450.4m) partly due to lower revenues on project related activities.

Gross profit increased by 14% to DKK 60.1m (2015: DKK 52.9) driven by product mix and focus on lowering cost of production.

Profit before tax was DKK 9.5m (2015: DKK 2.8m). Profit before tax was negatively affected by one-off costs of DKK 13.8m relating to future lease commitments on production facilities in Denmark, where production was ceased during 2016.

The financial results of the Company are considered acceptable.

Currency risks

The Company's overall currency exposure is primarily to USD. No systematic hedging transactions are made in this respect.

Interest-rate risks

It is estimated that fluctuations in interest rates do not pose a significant risk to the Company's earnings. Therefore, no hedging transactions have been made in this respect.

Environmental performance

The Company continues to work actively with quality and environmental management. Quality management certification under ISO 9001, environmental management certification under ISO 14001 and occupational, health and safety management certification under OHSAS 18001 are maintained in one management system. These certifications form part of the Group's overall strategy for quality, environmental and occupational, health and safety management.

Intellectual capital resources

The Company has solid and up-to-date knowledge about composites and ways of using them.

Research and development activities

In 2016, the Company capitalized DKK 3.4m related to several development projects.

Investments

Investments amounted to DKK 8.0m, primarily related to investments in production.

Management commentary

Financial resources

The equity ratio of the Company was 41.3% (2015: 30.5%), which corresponds to an equity value of DKK 66.4m (2015: DKK 59.6m).

BC Group A/S' ultimate majority shareholder is BWB Partners. BWB Partners is a member of DVCA for which reason the Company is subject to DVCA's guidelines for corporate governance.

The DVCA guidelines are available at: <http://dvca.dk/analyseunivers/>

Outlook

Strong underlying trends towards wind as one of the most cost competitive renewable energy source are considered very positive. The wind energy industry has now matured to a point where it is a recognizable share of the world's energy supply with a share that is expected to increase further as the world's energy demand grows.

At the same time, the wind energy industry is expected to deliver even more cost efficient and innovative energy solutions to decrease LCOE (Levelized Cost of Energy), and the major OEMs of the industry are looking to create scale to support the race for the lowest cost. In return they are seeking long-term partners to match their own league and deliver innovative platform based solutions worldwide. It is expected that the development seen in recent years in respect to the decrease in prices for installations will continue over the next years driving further innovation to optimize cost in the entire supply chain.

The global market in terms of installed GW is expected to grow over the next years.

Emerging markets will become increasingly important during the coming years, and local requirements may have to be met to support the political drivers. Wind is a cost efficient and fast way to add capacity to the grid in a large number of markets, making wind energy an attractive option.

The Company is with its global production footprint and core competencies within development well positioned to participate in the next stage of evolution within the wind energy market where technology continues to develop and improve, and customer demands for smarter, better, and cheaper solutions keep the entire supply chain on its toes. New technology means more development in all parts of the world.

Based on above the Company works diligently to serve the next generation of OEMs, which is becoming larger as a consequence of the announced mergers in the industry.

The Company's aim is to be the customers' preferred business partner in a global and competitive market.

Management commentary

The extension of the Production Tax Credit (PTC) incentive in the USA and the global agreement on climate change signed in Paris in December 2015 will support the positive trend in demand for the Company's products and services. Many countries now have a stated target as to how they want to proceed up until 2020-2025, and in future many new markets will become active.

Trends are still pointing to wind as one of the fastest and most cost-effective way of renewable energy supply. Volumes are going up and together with the spreading of demand into new and growing markets, this places heavy demands on the Company's ability to adjust and respond rapidly and accurately.

Close partnerships with customers are needed to be able to act appropriately in this market. Competition is steadily increasing, and there are enormous requirements on tomorrow's subsuppliers both financially and measured by all other parameters. The demands by the large international players in the industrial sector require constant development and alertness, and initiatives to reduce the cost of energy (LCOE) for our customers are in continuous focus.

Composites are part of and constitute an increasing share of future easy solutions, and the Company intends to work on expanding the use of this material by continuing to develop competitive solutions for the industrial sector.

The order forecast is satisfactory, and a profit is expected for 2017.

Particular risks

Exchange rate risks

The Company's overall currency exposure is primarily to USD. No systematic hedging transactions are made in this respect.

Interest-rate risks

It is estimated that fluctuations in interest rates do not pose a significant risk to the Company's earnings. Therefore, no hedging transactions have been made in this respect.

Capital structure

BC Group a/s' share capital is not divided into share classes.

Management assesses whether the Group has an adequate capital structure and whether the capital structure supports and is consistent with the long-term objectives of the Company.

Management commentary

At the balance sheet date, the Company's net interest-bearing debt amounted to DKK 8.2m (2015: DKK 37.7m, which is considered reasonable, and in Management's opinion, the current capital structure is adequate to support the development of the activities in the Company.

Intellectual capital resources

The Company has solid and up-to-date knowledge about composites and ways of using them, which constitutes the platform for future earnings of the Company.

Research and development activities

In 2015, the Group formally established a development department. In 2016 DKK 3.4m was capitalized related to a number of development projects.

Corporate governance

The Executive Board and the Board of Directors continuously aim to ensure well-functioning and appropriate management structure and control systems and which foundation is based on the Danish Companies Act, the Danish Financial Statements Act and the Articles of Association.

As the Company's ultimate owner, BWB Partners, is a member of DVCA, the Company generally follows the DVCA guidelines for responsible ownership and corporate governance. However, the Company's internal control and risk management systems have only been described on an overall level.

The Board of Directors, the Board Committees and the Executive Management perform their duties in accordance with a written set of procedures and terms of reference, which is reviewed on an annual basis.

The Board of Directors convene according to plan four times a year, and the Company has established formal monthly reporting processes, which includes follow-up on budget and operational and strategic initiatives.

Furthermore, monthly meetings are scheduled between the Chairmanship of the Board of Directors and the Executive Management of the Company.

The Board of Directors have appointed an Audit Committee, which performs their duties in accordance with the terms of reference for the Audit Committee.

The Board of Directors has decided not to establish an internal audit function.

Ownership information

BC Group A/S is the parent company of a number of subsidiaries and is 100% owned by BC Group Holding A/S. BC Group Holding A/S is 66% owned by BWP Partners.

Management commentary

Employees

The average number of employees in the Group in 2016 was 478 compared to 598 in 2015 of which 99 were employed in Danish entities compared to 117 in 2015.

Board of Directors

The Board of Directors consists of 6 members.

Composition of the Board of Directors:

Name	Søren Friis Knudsen	Jesper Wadum Nielsen	Jacob Østergaard Bergenholtz	Jan Lythcke-Jørgensen	Peter Thostrup	Peter Lynghøj Johansen
Position on the Board	Chairman and Chairman of Sales Committee	Vice Chairman	Member of Board	Member of Board and Chairman of Operations Committee	Member of board and Chairman of Audit Committee	Member of Board
Appointed by:	BWB Partners	BWB Partners	BWB Partners	BWB Partners	BWB Partners	BWB Partners
Appointment date:	2015-03-05	2015-03-05	2015-03-05	2015-04-15	2015-04-15	2016-06-20
Current position	CEO Windwin ApS	Partner in BWB Partners	Managing partner in BWB Partners	Founding Partner Implement consulting group	CEO Ferm Living ApS	Director BWB Partners
Chairman in:	Bach Composite Industry A/S, Mita-teknik Invest 1 A/S, Mita-teknik A/S	BC Group Holding A/S, BWB Partners P/S	Weiss Partners A/S	Effektivitet.dk	RTX A/S	
Vice Chairman in:		Bach Composite Industry A/S, CIPP Technology Solutions A/S	SH Group A/S			
Board member in:	Aluwind A/S, Danbor A/S, Floating Power Plant A/S, GML-HR A/S, Øer A/S, NSG Wind A/S	Bach Composite Industry A/S, Stema Holding A/S, SSG Partners A/S,	BC Group Holding A/S, Bach Composite Industry A/S, CIPP Technology Solutions	Bach Composite Industry A/S	Bach Composite Industry A/S, Ressources ApS	Bach Composite Industry A/S, Pedax GmbH, Stema Holding A/S, Qubiga

Statutory report on corporate social responsibility

The company works actively with CSR especially with focus on quality, environment and employee health and safety.

Management commentary

Quality management certification under DS/EN ISO 9001, environmental management certification under DS/EN ISO 14001 and occupational, health and safety certification under DS/OHSAS 18001 which are all managed in one management system.

In respect to environmental management specific focus is on waste management and energy consumption which also has a positive influence on the climate and in 2016 part of the Group's energy consumption has been analyzed which will bring down energy consumption. Furthermore, the Group aim to improve occupational health and safety by having special focus areas during the year as for example correct use of protective gear and initiatives that actively promotes employee exercise habits. In 2016 the company won the County of Thisted's health price.

These certifications are part of the Group's overall strategy, which also ensures observance of international conventions and special customer requirements with CSR, including human rights and climate impact/energy consumption. The company does not explicitly have a stated policy for human rights besides what is embedded under the certifications mentioned above.

Implementation of the overall strategy in the quality, environmental and working environment area is ensured by the local facility management. Depending on local conditions, the policy and focus areas vary across facilities in the Group.

Gender diversity in management bodies

The company has a gender diversity policy in accordance with §99b of the Danish Accounting Act with the aim to ensure female representatives on the Board of Directors. Men currently holds all six seats on the Board of Directors and the objective is to have at least one seat (17%) occupied by a woman in 2020. In 2016 one additional male board member was appointed. The appointed was based on merit and qualifications.

The management in Bach Group a/s consists of three members of which all are male. The group policy is to encourage gender diversity at all management levels. In 2016 one middle management position was filled in the Danish company. The position was filled by a woman.

Events after the balance sheet date

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

Consolidated income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Revenue	1	418.603.285	450.442.868
Production costs	2	(358.537.052)	(397.588.662)
Gross profit/loss		60.066.233	52.854.206
Distribution costs	2	(8.792.713)	(8.331.268)
Administrative costs	2	(39.165.291)	(39.108.112)
Other operating income		282.245	945.012
Operating profit/loss		12.390.474	6.359.838
Other financial income		1.471.962	3.477.548
Other financial expenses		(4.360.521)	(7.044.852)
Profit/loss before tax		9.501.915	2.792.534
Tax on profit/loss for the year	3	(1.248.866)	(1.988.165)
Profit/loss for the year	4	8.253.049	804.369

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Completed development projects		697.902	404.777
Acquired intangible assets		31.938	79.364
Development projects in progress		4.993.657	3.213.093
Intangible assets	5	5.723.497	3.697.234
Land and buildings		3.874.140	4.385.003
Plant and machinery		16.445.715	12.674.382
Other fixtures and fittings, tools and equipment		2.913.656	4.371.680
Leasehold improvements		6.329.746	7.779.258
Property, plant and equipment in progress		270.992	5.054.508
Property, plant and equipment	6	29.834.249	34.264.831
Investments in associates		0	0
Fixed asset investments	7	0	0
Fixed assets		35.557.746	37.962.065
Raw materials and consumables		26.112.327	31.496.896
Work in progress		3.801.717	7.128.590
Manufactured goods and goods for resale		23.636.353	29.375.933
Prepayments for goods		465.004	0
Inventories		54.015.401	68.001.419
Trade receivables		29.811.941	55.881.063
Deferred tax		9.683.624	7.550.906
Other receivables		4.302.799	7.896.824
Income tax receivable		805.168	1.601.721
Prepayments	8	1.590.043	1.695.247
Receivables		46.193.575	74.625.761
Other investments		130.438	137.431
Other investments		130.438	137.431
Cash		24.933.925	14.447.988
Current assets		125.273.339	157.212.599
Assets		160.831.085	195.174.664

Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital		2.000.000	2.000.000
Retained earnings		64.404.838	57.598.128
Equity		66.404.838	59.598.128
Deferred tax		0	414.200
Other provisions	10	13.836.204	7.037.990
Provisions		13.836.204	7.452.190
Bank loans		3.899.178	6.698.023
Finance lease liabilities		2.512.309	3.564.430
Other payables		0	260.000
Non-current liabilities other than provisions	11	6.411.487	10.522.453
Current portion of long-term liabilities other than provisions	11	4.077.015	5.378.999
Bank loans		22.690.850	36.288.933
Trade payables		34.616.816	58.991.574
Payables to associates		0	50.000
Income tax payable		317.174	505.622
Other payables		12.050.535	14.274.362
Deferred income		426.166	2.112.403
Current liabilities other than provisions		74.178.556	117.601.893
Liabilities other than provisions		80.590.043	128.124.346
Equity and liabilities		160.831.085	195.174.664
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Mortgages and securities	15		
Group relations	16		
Subsidiaries	17		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2.000.000	57.598.128	59.598.128
Exchange rate adjustments	0	(1.365.578)	(1.365.578)
Other equity postings	0	(80.761)	(80.761)
Profit/loss for the year	0	8.253.049	8.253.049
Equity end of year	2.000.000	64.404.838	66.404.838

Consolidated cash flow statement for 2016

	Notes	2016 DKK	2015 DKK
Operating profit/loss		12.390.474	6.359.838
Amortisation, depreciation and impairment losses		9.595.013	9.776.895
Other provisions		6.798.214	5.912.990
Working capital changes	12	15.136.127	23.656.588
Cash flow from ordinary operating activities		43.919.828	45.706.311
Financial income received		1.471.962	3.477.548
Financial income paid		(4.360.521)	(7.044.852)
Income taxes refunded/(paid)		(3.187.679)	(2.326.162)
Other cash flows from operating activities		0	(13.018.814)
Cash flows from operating activities		37.843.590	26.794.031
Acquisition etc of intangible assets		(3.408.417)	(3.776.345)
Sale of intangible assets		18.891	0
Acquisition etc of property, plant and equipment		(4.610.457)	(14.436.197)
Sale of property, plant and equipment		544.011	38.224.445
Cash flows from investing activities		(7.455.972)	20.011.903
Loans raised		0	3.710.225
Instalments on loans etc		(5.412.950)	(39.032.880)
Cash increase of capital		0	31.088.373
Cash flows from financing activities		(5.412.950)	(4.234.282)
Increase/decrease in cash and cash equivalents		24.974.668	42.571.652
Cash and cash equivalents beginning of year		(21.840.945)	(64.412.597)
Currency translation adjustments of cash and cash equivalents		(890.648)	0
Cash and cash equivalents end of year		2.243.075	(21.840.945)
Cash and cash equivalents at year-end are composed of:			
Cash		24.933.925	14.447.988
Short-term debt to banks		(22.690.850)	(36.288.933)
Cash and cash equivalents end of year		2.243.075	(21.840.945)

Notes to consolidated financial statements

	2016 DKK	2015 DKK
1. Revenue		
Denmark	172.946.854	160.292.953
Other EU-countries	150.512.960	186.016.945
Other countries outside EU	95.143.471	104.132.970
	418.603.285	450.442.868

The Group's segments comprise business areas and geographical markets.

The Group's primary activities are to manufacture components from composites. Referring to § 96 of the Danish Financial Statements Act, Management does not want to further disclose the geographical distribution of revenue as a detailed distribution of the Group's revenue by geographical area will be of considerable damage to the competitive situation.

The Group has no discontinued operations.

	2016 DKK	2015 DKK
2. Staff costs		
Wages and salaries	92.371.924	114.971.895
Pension costs	5.061.221	5.666.267
Other social security costs	16.070.949	15.908.021
	113.504.094	136.546.183

Average number of employees

478	598
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	Remunera- tion of manage- ment 2016 DKK	Remunera- tion of manage- ment 2015 DKK
Executive Board	4.466.938	1.985.000
Board of Directors	520.000	488.000
	4.986.938	2.473.000

	2016 DKK	2015 DKK
3. Tax on profit/loss for the year		
Tax on current year taxable income	3.806.631	1.884.422
Change in deferred tax for the year	(2.557.765)	103.743
	1.248.866	1.988.165

Notes to consolidated financial statements

	2016 DKK	2015 DKK	
4. Proposed distribution of profit/loss			
Retained earnings	8.253.049	804.369	
	8.253.049	804.369	
	Completed develop- ment projects DKK	Acquired intangible assets DKK	Develop- ment projects in progress DKK
5. Intangible assets			
Cost beginning of year	485.732	103.975	3.213.093
Exchange rate adjustments	0	(392)	0
Transfers	1.627.853	0	(1.627.853)
Additions	0	0	3.408.417
Disposals	0	(18.891)	0
Cost end of year	2.113.585	84.692	4.993.657
Amortisation and impairment losses beginning of year	(80.955)	(24.611)	0
Exchange rate adjustments	0	93	0
Amortisation for the year	(1.334.728)	(28.236)	0
Amortisation and impairment losses end of year	(1.415.683)	(52.754)	0
Carrying amount end of year	697.902	31.938	4.993.657

Notes to consolidated financial statements

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
6. Property, plant and equipment				
Cost beginning of year	9.755.712	40.788.907	13.692.268	14.671.140
Exchange rate adjustments	(36.736)	171.471	(13.121)	(47.904)
Transfers	0	2.988.175	(2.968.957)	0
Additions	0	7.697.504	1.373.608	146.117
Disposals	0	(12.655.821)	(1.751.025)	0
Cost end of year	9.718.976	38.990.236	10.332.773	14.769.353
Depreciation and impairment losses beginning of the year	(5.370.709)	(28.114.525)	(9.320.588)	(6.891.882)
Exchange rate adjustments	20.223	(220.505)	(3.571)	22.690
Transfers	0	(1.435.560)	1.435.560	0
Depreciation for the year	(494.350)	(4.989.460)	(1.177.824)	(1.570.415)
Reversal regarding disposals	0	12.215.529	1.647.306	0
Depreciation and impairment losses end of the year	(5.844.836)	(22.544.521)	(7.419.117)	(8.439.607)
Carrying amount end of year	3.874.140	16.445.715	2.913.656	6.329.746
Recognised assets not owned by entity	-	5.555.923	-	-

Notes to consolidated financial statements

	Property, plant and equipment in progress DKK
6. Property, plant and equipment	
Cost beginning of year	5.054.508
Exchange rate adjustments	(176.744)
Transfers	0
Additions	270.991
Disposals	(4.877.763)
Cost end of year	270.992
Depreciation and impairment losses beginning of the year	0
Exchange rate adjustments	0
Transfers	0
Depreciation for the year	0
Depreciation and impairment losses end of the year	0
Depreciation and impairment losses end of the year	0
Carrying amount end of year	270.992
Recognised assets not owned by entity	-
	Investments in associates DKK
7. Fixed asset investments	
Cost beginning of year	500.000
Disposals	(500.000)
Cost end of year	0
Revaluations beginning of year	(500.000)
Reversal regarding disposals	500.000
Revaluations end of year	0
Carrying amount end of year	0
8. Prepayments	
Prepayment comprise prepaid expenses.	

Notes to consolidated financial statements

	Number	Nominal value DKK	Share of contributed capital %
9. Treasury shares			
Holding of treasury shares:			
Ordinary shares	200	200.000	10,0
	200	200.000	10,0

10. Other provisions

Other provisions in the comparative figures comprise provisions for rent in the residual period for terminated leaseholds that are no longer used in the enterprise.

Furthermore, other provisions in 2015 comprise restructuring costs relating to the adopted and initiated restructurings.

	Instalments within 12 months 2016 DKK	Instalments within 12 months 2015 DKK	Instalments beyond 12 months 2016 DKK
11. Liabilities other than provisions			
Bank loans	2.735.898	2.591.559	3.899.178
Finance lease liabilities	1.341.117	1.487.440	2.512.309
Other payables	0	1.300.000	0
	4.077.015	5.378.999	6.411.487

12. Change in working capital

	2016 DKK	2015 DKK
Increase/decrease in inventories	13.923.726	(11.072.656)
Increase/decrease in receivables	29.735.671	2.247.965
Increase/decrease in trade payables etc	(28.523.270)	32.481.279
	15.136.127	23.656.588

13. Unrecognised rental and lease commitments

Hereof liabilities under rental or lease agreements until maturity in total

2016 DKK	2015 DKK
13.619.843	24.986.000

Notes to consolidated financial statements

14. Contingent liabilities

The Group participates in a Danish joint taxation arrangement in which Anpartsselskabet af 17. December 2014 serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group is therefore liable for income taxes etc for the jointly taxed companies and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

15. Mortgages and securities

Bach Composite Industry A/S's bank debt has been secured on a floating charge of a nominal value of DKK 20,000k. The floating charge comprises unsecured claims, operating equipment, inventories and intellectual property rights.

Bank debt secured on the floating charge amounts to DKK 16,811k at 31.12.2016.

The bank debt in Lithuania is secured on the Group's properties, production plant, machinery, inventories and land lease rights in Lithuania. Bank debt in Lithuania amounts to DKK 5,881k at 31.12.2016.

16. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
BC Group Holding A/S

	<u>Registered in</u>	<u>Equity inte- rest %</u>
17. Subsidiaries		
Bach Composite Industry A/S	Denmark	100,0
Bach Composite España S.L.U	Spain	100,0
Bach Composite Holding (Hong Kong) Ltd.	Hong Kong	100,0
Bach Composite Colorado Inc.	USA	100,0
UAB Danplastas	Lithuania	100,0

Parent income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Administrative costs		(179.498)	(418.302)
Operating profit/loss		(179.498)	(418.302)
Income from investments in group enterprises		9.548.488	2.638.175
Other financial income	1	248.984	379.102
Other financial expenses	2	(1.731.465)	(2.311.833)
Profit/loss before tax		7.886.509	287.142
Tax on profit/loss for the year	3	366.540	517.227
Profit/loss for the year	4	8.253.049	804.369

Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Investments in group enterprises		124.734.488	128.257.327
Investments in associates		0	0
Fixed asset investments	5	124.734.488	128.257.327
Fixed assets		124.734.488	128.257.327
Receivables from group enterprises		4.320.032	5.610.681
Deferred tax		6.760.994	6.394.454
Other receivables		0	243.556
Receivables		11.081.026	12.248.691
Other investments		130.438	137.432
Other investments		130.438	137.432
Cash		554.972	469.046
Current assets		11.766.436	12.855.169
Assets		136.500.924	141.112.496

Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital	6, 7	2.000.000	2.000.000
Reserve for net revaluation according to the equity method		30.499.865	11.454.807
Retained earnings		33.904.974	46.143.321
Equity		66.404.839	59.598.128
Provisions for investments in group enterprises	8	10.944.723	22.655.806
Provisions		10.944.723	22.655.806
Bank loans		1.086.215	1.851.196
Other payables		0	260.000
Non-current liabilities other than provisions	9	1.086.215	2.111.196
Current portion of long-term liabilities other than provisions	9	1.354.498	2.224.854
Payables to group enterprises		56.245.150	52.510.870
Other payables		356.541	1.755.119
Deferred income	10	108.958	256.523
Current liabilities other than provisions		58.065.147	56.747.366
Liabilities other than provisions		59.151.362	58.858.562
Equity and liabilities		136.500.924	141.112.496
Contingent liabilities	11		
Mortgages and securities	12		
Related parties with controlling interest	13		

Parent statement of changes in equity for 2016

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2.000.000	11.454.807	46.143.321	59.598.128
Exchange rate adjustments	0	(1.365.577)	0	(1.365.577)
Other equity postings	0	(80.761)	0	(80.761)
Profit/loss for the year	0	20.491.396	(12.238.347)	8.253.049
Equity end of year	2.000.000	30.499.865	33.904.974	66.404.839

Notes to parent financial statements

	2016 DKK	2015 DKK
1. Other financial income		
Financial income arising from group enterprises	147.565	46.641
Other financial income	101.419	332.461
	248.984	379.102
	2016 DKK	2015 DKK
2. Other financial expenses		
Financial expenses from group enterprises	1.593.173	2.076.976
Other financial expenses	138.292	234.857
	1.731.465	2.311.833
	2016 DKK	2015 DKK
3. Tax on profit/loss for the year		
Change in deferred tax for the year	(366.540)	(517.227)
	(366.540)	(517.227)
	2016 DKK	2015 DKK
4. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	20.491.396	2.638.175
Retained earnings	(12.238.347)	(1.833.806)
	8.253.049	804.369

Notes to parent financial statements

	Investments in group enterprises DKK	Investments in associates DKK
5. Fixed asset investments		
Cost beginning of year	94.146.716	500.000
Additions	86.095	0
Disposals	0	(500.000)
Cost end of year	94.232.811	0
Revaluations beginning of year	34.110.611	(500.000)
Exchange rate adjustments	(1.365.578)	0
Adjustments on equity	(80.761)	0
Share of profit/loss for the year	9.385.216	0
Adjustment of intra-group profits	163.272	0
Dividend	(8.495.192)	0
Investments with negative equity depreciated over receivables	8.495.192	0
Investments with negative equity transferred to provisions	(11.711.083)	0
Reversal regarding disposals	0	500.000
Revaluations end of year	30.501.677	0
Carrying amount end of year	124.734.488	0
	Par value DKK	Nominal value DKK
6. Contributed capital		
Ordinary shares	2.000	2.000.000
	2.000	2.000.000
	Number	Nominal value DKK
7. Treasury shares		
Holding of treasury shares:		Share of contributed capital %
Ordinary shares	200	10,0
	200	10,0

8. Provisions for investments in group enterprises

Provisions for investments in group enterprises comprise negative equity value in a subsidiary in which BC Group guarantees the debt.

Notes to parent financial statements

	Instalments within 12 months 2016 DKK	Instalments within 12 months 2015 DKK	Instalments beyond 12 months 2016 DKK
9. Liabilities other than provisions			
Bank loans	1.094.498	924.854	1.086.215
Other payables	260.000	1.300.000	0
	1.354.498	2.224.854	1.086.215

10. Deferred income

Deferred income comprises received income for recognition in subsequent financial years.

11. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Anpartsselskabet af 17. December 2014 serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

12. Mortgages and securities

The Company has provided an unlimited guarantee as security for bank debt in the subsidiary in Denmark. The bank debt amounts to DKK 16,810k at 31.12.2016.

The Company has provided an unlimited guarantee as security for bank debt in the subsidiaries in Lithuania. The bank debt amounts to DKK 5,881k at 31.12.2016.

The bank debt in Denmark has been secured on unlisted shares in the subsidiary in Denmark for a nominal value of DKK 2,000k. The carrying amount of mortgaged shares is DKK 29,137k. The bank debt in Denmark amounts to DKK 16,810 at 31.12.2016.

13. Related parties with controlling interest

BC Group Holding A/S (Hurup Thy) holds all shares in the Company and thus has a controlling interest in the Company.

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 (large).

The accounting policies applied for this 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. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of 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.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses

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 one 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.

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.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Accounting policies

Administrative costs

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationary and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies 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

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress and acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is three years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement. The amortisation period is three years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

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	20 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

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

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

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

Accounting policies

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value.

Associates with negative equity are measured at DKK 0, and any receivables from these associates are written down by the share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if there is a legal or constructive obligation to cover the liabilities of the relevant associate.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in associates 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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

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

Receivables

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

Deferred tax

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

Deferred tax assets, including the tax base of tax loss carryforwards, 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.

Accounting policies

Prepayments

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

Other investments

Securities recognised under current assets comprise listed bonds and investments measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Treasury shares

Acquisition and selling prices and dividends for treasury shares are classified directly as equity under retained earnings. Gains and losses on sale are not recognised in the income statement.

Other provisions

Other provisions in the comparative figures comprise provisions for rent in the residual period for terminated leaseholds that are no longer used in the enterprise.

Furthermore, other provisions in 2015 comprise restructuring costs relating to the adopted and initiated restructurings.

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.

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.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Accounting policies

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 acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, 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 less short-term bank debt.