Thrige Holding A/S

% Terma A/S, Hovmarken 4, 8520 Lystrup

Annual Report 2017/18

The Annual Report was presented and approved at the annual general meeting of the Company on 18 June 2018.

Chairman

Central Business Register No. 26 31 16 83

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Statement by the Board of Directors and Executive Management

The Board of Directors and Executive Management have today discussed and approved the Annual Report of Thrige Holding A/S for the 2017/18 fiscal year.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 28 February 2018 and of the results of the Group's and the Parent Company's operations as well as the Consolidated Cash Flows for the fiscal year 1 March 2017 – 28 February 2018 in accordance with the Danish Financial Statements Act.

Further, we consider the Management's Review to present a fair disclosure of the development in the Consolidated and Parent Company operations and financial conditions, the results for the year, cash flows, and financial position as well as a description of the most significant risks and uncertainty factors that the Consolidated and Parent Company face.

We recommend that the Annual Report be approved at the annual general meeting.

Herlev, 18 June 2018

Executive Management:

Morten Halskov

Board of Directors:

Flemming H. Tomdrup chairman	Jørgen Huno Rasmussen	Morten Halskov

Independent Auditor's Report

To the Stakeholders of Thrige Holding A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Thrige Holding A/S for the fiscal year 1 March 2017 - 28 February 2018, which comprise Income Statement, Balance Sheet, Statement of Changes in Equity, and Notes, including Accounting Policies, for the Group and the Parent Company, and a Consolidated Cash Flow Statement. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 28 February 2018 and of the results of the Group's and the Parent Company's operations as well as the Consolidated Cash Flows for the fiscal year 1 March 2017 - 28 February 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 FinancialStatements and the Parent Company Financial Statements" (hereinafter collectively referred to as "the Financial Statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

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 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 reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and 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 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 Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the Financial Statements, including the note disclosures, and whether the 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.

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.

Independent auditor's Report

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 Statements Act. We did not identify any material misstatement of the Management's Review.

Aarhus, 18 June 2018

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jes Lauritzen
State-Authorized Public Accountant
MNE No.: mne10121

Management's Review

Company Details

Thrige Holding A/S
℅ Terma A/S
Hovmarken 4
8520 Lystrup

T +45 87 43 60 00
Central Business Register No. 26 31 16 83
Founded 24 October 2001
Situated in Aarhus Municipality

Fiscal year 1 March - 28/29 February

Board of Directors

Flemming H. Tomdrup (chairman)
Jørgen Huno Rasmussen
Morten Halskov

Executive Management

Morten Halskov

Auditors
ERNST & YOUNG
Godkendt Revisionspartnerselskab

Annual general meeting

The annual general meeting is held at Terma A/S' address in Herlev on 18 June 2018.

Financial Highlights for the Thrige Holding Group

Key Figures

MDKK	2017/18	2016/17	2015/16	2014/15	2013/14
Order intake	1,728	1,411	1,671	1,394	1,455*
Order backlog, year-end	2,374*	2,431*	2,739*	2,567*	2,507*
Revenue	1,785	1,719	1,499	1,308	1,137
EBITDA before special items	298	288	219	180	158
Special items	(31)	0	0	0	0
EBITDA	267	288	219	180	158
Depreciation, amortization, and write-downs	(160)	(158)	(118)	(85)	(86)
Operating profit	107	130	102	95	72
Operating profit before special items	138	130	102	95	72
Financial income and costs	(27)	(23)	(30)	(32)	(32)
Earnings before special items and tax	111	107	72	63	40
Earnings before tax (EBT)	80	107	72	63	40
Profit for the year	**60**	**79**	**54**	**45**	**39**
Non-current assets	937	912	863	832	834
Current assets	1,084	892	874	784	730
Total assets	**2,021**	**1,804**	**1,737**	**1,616**	**1,564**
Equity	**655**	**566**	**588**	**515**	**517**
Subordinated loans	170	125	0	0	0
Capital base**	**825**	**691**	**588**	**515**	**517**
Provisions	165	146	139	118	113
NIBD (excl. subordinated loans)	454	324	435	409	454
Cash flows from operating activities	13	294	120	133	50
Cash flows for investing activities	(188)	(208)	(139)	(81)	(77)
hereof investments in property, plant, and equipment	(92)	(134)	(70)	(35)	(28)
Cash flows from financing activities	96	(45)	(3)	(62)	(43)
Total cash flows	**(79)**	**41**	**(22)**	**(10)**	**(70)**

Financial Ratios

EBITDA margin before special items	16.7	16.8	14.6	13.8	13.9
EBT margin before special items	6.2	6.2	4.9	4.8	3.5
Return on investments before special items	7.3	7.4	6.2	6.2	4.9
Liquidity ratio	169	133	135	138	153
Solvency ratio (capital base)	40.8	38.3	33.9	31.9	33.1
Return on equity	9.8	13.7	9.7	8.8	7.9
Leverage ratio	1.7	1.1	2.0	2.3	2.9

Average number of full-time employees	**1,398**	**1,257**	**1,174**	**1,117**	**1,065**

* Including framework agreements, e.g. the F-35 Joint Strike Fighter program.
** Capital base is defined as equity and subordinated loans.

Financial ratios are calculated in accordance with "Recommendations and financial ratios" of the Danish Finance Society, except for EBITDA margin before special items, EBT margin before special items, and return on investments before special items.

(For definitions, see page 7).

Definitions to Financial Highlights:

EBITDA margin before special items:	EBITDA before special items x 100 / Revenue	EBT margin before special items:	Earnings before special items and tax x 100 / Revenue
Return on investments before special items:	Operating profit before special items x 100 / Average operating assets	Operating assets:	Total assets less cash at bank and in hand, other interest-bearing assets, and equity interest in affiliated companies
Liquidity ratio:	Current assets x 100 / Current liabilities other than provisions	Solvency ratio: (Capital base)	Capital base x 100 / Total liabilities at year-end
Return on equity:	Profit for the year x 100 / Average equity	Leverage ratio:	NIBD (excl. subordinated loans) / EBITDA

Management's Review

Thrige Holding A/S is fully owned by Thomas B. Thriges Fond, a commercial foundation established in 1933 by manufacturer Thomas B. Thrige. The Group operational activities are maintained through the fully onwed subsidiary Terma A/S. Further, Thrige Holding A/S ownes all shares in Thrige-Titan A/S which is a dormant company.

Terma A/S is Denmark's largest company within the defense industry with activities in the defense, security, and space sectors, with locations in Aarhus, Grenaa, and Herlev, Denmark, and subsidiaries in the U.S, the Netherlands, Germany, UK, Singapore, France and India, and representation offices in UAE and Belgium.

Development in the Parent Company financial situation

The profit in 2017/18 was MDKK 59.5 (2016/17: MDKK 78.9). The profit was effected by the fact that Terma A/S Business Areas Aerostructures and Airborne Systems were merged into one Business Area, Aeronautics. The Aeronautics Business Area, with main facilities in the U.S. and in Denmark, is managed out of Terma North America Inc. to be close to key customers and partners.

The reorganization resulted in extraordinary costs of 16 MDKK. Besides the reorganization costs, the order value of a customer program was adjusted downwards by 15 MDKK due to a decrease in sales volume. Special items therefore amounted to 31 MDKK in total, comprising the reorganization costs and the program charge.

The Parent Company expects a positive result for 2018/19 in the level of the profit for 2017/18.

Development in the Group financial situation

In 2017/18, the Thrige Holding Group profit after tax was MDKK 59.5 (2016/17: MDKK 78.9). As of 28 February 2018, the equity amounted to MDKK 654.5 (28 February 2017: MDKK 566.1).

In 2017/18, the Terma A/S profit after tax amounted to MDKK 72.4 (2016/17: MDKK 91.4). As of 28 February 2018, the equity amounted to MDKK 663.4 (28 February 2017: MDKK 562.2).

Terma A/S is a party, as the plaintiff, to a court dispute with the Polish Ministry of National Defence regarding interpretation of a supply contract. The claim of Terma A/S is MDKK 135. A counter claim was filed to the defendant amounting to approx. MDKK 116 (MPLN 64), including repayment of the advance payment. Based on external legal evaluation, it is the opinion of the Executive Management that the outcome of the court dispute will not negatively affect the Group's and the Parent Company's financial position as reflected in the Balance Sheet at 28 February 2018. For further information, please see the Terma A/S Annual Report 2017/18.

Development activities

Development activities of the Group are carried out in Terma A/S which during the FY 2017/18 had development activities in all business areas and as of 28 February 2018, the carrying amount was MDKK 408.7. Investments amounted to MDKK 102.7 and depreciations amounted to MDKK 103.2. It is expected that Terma A/S will be investing in development activities at the same or a higher level in 2018/19.

Corporate Social Responsibility and Equal Representation of Genders

Through Terma A/S, the Group contributes to society in a social and responsible way. The Corporate Social Responsibility (CSR) activities takes place in close interaction with customers, partners, employees, the local community, and the world around us. For further information, please see https://www.terma.com/static/csr_report2017-18/index.html.

Being a holding company, the Company has no operational business activities or employees and therefore, no independent corporate social responsibility policies exist including in relation to impact on climate or environment, or human rights. Target figure for the Company in relation to representation of genders in the top management of one person per gender as a minimum of the three members of the board is not met and the Company does not plan to replace any of the board members, but when the present board members resign no later than 2027, compliance with the target figure will be aimed at. When the sole shareholder elects members for the Company board, it is important that the best qualified person is elected based on an overall consideration.

The wholly owned subsidiary Terma A/S where the operational activities unfold, pursue the policy that the board must include the best qualified persons. Today, the board of Terma A/S consists of five members elected by the shareholder and three members elected by the employees. Terma A/S strives at having a fair balance between the genders among the members elected by the shareholder. As of 25 May 2018 out of the five Board members elected by the shareholder, two are females. For further information, please see https://www.terma.com/static/annual_report2017-18/index.html.

Risks

The most significant operating risks of the Group are time lags of the decision processes of Terma A/S in its traditional markets being impacted by savings in public budgets including defense budgets, and long-term decision processes. As far as possible, this risk is hedged by close follow-up on order intake and related activities, and a tight financial management.

The Group has the required credit lines available and the support of financial partners to implement the planned short-term and long-term activities and investments.

The Group is minimally exposed to changes in interest rates. The interest risk is hedged via fixed-rate mortgage loans and interest swap.

The Group primarily sells and buys in DKK, EUR, and USD currencies. Risks relative to USD are hedged by entering into forward exchange contracts in connection with the acceptance and conclusion of contracts.

Outlook for 2018/19

In 2018/19, the Group expects a consolidated organic growth >10% in revenue. The positive outlook is based on Terma's solid order backlog to be delivered in 2018/19.

Earnings before tax (EBT) are expected to increase accordingly whereas cash flows from operating and investing activities are expected to improve markedly.

Events after the balance sheet date

Following the end of the fiscal year, no significant events have occurred which affect the assessment of the Group's and Parent Company's financial position as reported on 28 February 2018 or the Annual Report 2017/18.

Consolidated and Parent Company Annual Report 1 March 2017 – 28 February 2018

Income Statement

		Consolidated		Parent Company	
DKK 1,000	Note	2017/18	2016/17	2016/17	2015/16
Revenue	3	1,784,591	1,718,809	0	0
Production costs	4	(1,413,578)	(1,330,123)	0	0
Gross profit		371,013	388,686	0	0
Distribution costs	4	(146,346)	(145,366)	0	0
Administrative costs	4,5	(107,685)	(103,411)	(250)	(253)
Other operating income		1,465	1,342	0	0
Other operating costs		(259)	(610)	0	0
Depreciation on consolidated goodwill		(11,112)	(11,112)	0	0
Operating profit		107,076	129,529	(250)	(253)
Profit in subsidiaries after tax	6	-	-	62,670	81,776
Financial income	7	9,837	6,795	254	458
Financial costs	7	(36,920)	(29,685)	(4,016)	(3,938)
Operating profit		79,993	106,639	58,658	78,043
Tax on profit	8	(20,452)	(27,783)	883	813
Profit for the year		59,541	78,856	59,541	78,856
Proposed profit appropriation	23				

Consolidated and Parent Company Annual Report 1 March 2017 – 28 February 2018

Balance Sheet 28 February

DKK 1,000	Note	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
ASSETS					
Non-current assets					
Intangibles					
Consolidated goodwill		1,906	13,018	0	0
Software		23,728	26,637	0	0
Software in process		2,229	342	0	0
Development projects completed		255,448	276,039	0	0
Development projects in process		153,213	133,139	0	0
	9	436,524	449,175	0	0
Property, plant, and equipment					
Land and buildings		273,127	262,037	0	0
Plant and machinery		177,214	121,969	0	0
Fixtures and fittings, tools and equipment		25,139	16,063	0	0
Property, plan, and equipment under construction		25,235	62,554	0	0
	10	500,715	462,623	0	0
Investments					
Investments in subsidiaries	6	0	0	704,897	613,413
		0	0	704,897	613,413
Total non-current assets		937,239	911,798	704,897	613,413
Current assets					
Inventories					
Raw materials and consumables		225,272	206,633	0	0
Work in process		93,052	73,217	0	0
Prepayments to suppliers		2,339	12,043	0	0
		320,663	291,893	0	0
Receivables					
Trade receivable		318,715	243,187	0	0
Construction contracts	11	380,739	287,427	0	0
Amounts owed by subsidiaries		-	-	54,433	48,638
Corporate tax receivable	12	3,268	219	0	0
Other receivables		32,609	15,190	0	0
Deferred tax asset	13	1,384	1,028	0	0
Prepayments and deferred charges	14	7,404	7,456	0	0
		744,119	554,507	54,433	48,638
Cash at bank and in hand		19,196	45,955	9	12
Total current assets		1,083,978	892,355	54,442	48,650
Total assets		2,021,217	1,804,153	759,339	662,063

Consolidated and Parent Company Annual Report 1 March 2017 – 28 February 2018

Balance Sheet 28 February

DKK 1.000	Note	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
EQUITY AND LIABILITIES					
Equity					
Capital stock	15	25,000	25,000	25,000	25,000
Net revaluation according to the equity method		-	-	237,453	145,970
Retained earnings		629,515	541,161	392,062	395,191
Proposed dividends		0	0	0	0
Total equity		654,515	566,161	654,515	566,161
Provisions					
Warranty provisions	16	11,772	12,179	0	0
Provisions regading construction contracts		9,680	1,381	0	0
Deferred tax	13	143,317	132,502	0	0
Total provisions		164,769	146,062	0	0
Liabilities other than provisions					
Non-current liabilities other than provisions					
Subordinated loans	17	170,000	125,000	45,000	0
Credit institutions		208,502	104,066	0	0
Mortgage credit institutions		182,983	193,485	0	0
	18	561,485	422,551	45,000	0
Current liabilities other than provisions					
Current portion of non-current liabilities	18	10,507	10,409	0	0
Credit institutions		51,624	0	0	0
Construction contracts	11	143,263	121,406	0	0
Prepayments received from customers		60,520	68,150	0	0
Trade payables		137,925	150,669	0	0
Amounts owed to Parent Company		19,468	62,147	1,737	44,612
Amounts owed to subsidiaries		-	-	40,532	39,287
Corporate tax	12	20,950	18,257	17,374	11,821
Other payables		196,191	238,341	181	182
		640,448	669,379	59,824	95,902
Total liabilities other than provisions		1,201,933	1,091,930	104,824	95,902
Total equity and liabilities		2,021,217	1,804,153	759,339	662,063

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Consolidated and Parent Company Annual Report 1 March 2017 – 28 February 2018

Statement of changes in Equity

		Consolidated			
DKK 1,000	Note	Capital stock	Retained earnings	Proposed dividends	Total
Equity at 1 March 2016		25,000	558,334	5,000	588,334
Dividends paid, ordinary		-	-	(5,000)	(5,000)
Dividends paid, extraordinary		-	(95,000)	-	(95,000)
Retained income for the year according to appropriation of net income		-	78,856	0	78,856
Other changes in equity in subsidiaries		-	(1,505)	-	(1,505)
Tax on other changes in equity		-	476	-	476
Equity at 28 February 2017		25,000	541,161	0	566,161
Retained income for the year according to appropriation of net income		-	59,541	-	59,541
Other changes in equity in subsidiaries		-	38,153	-	38,153
Tax on other changes in equity		-	(9,340)	-	(9,340)
Equity at 28 February 2018		25,000	629,515	0	654,515

Consolidated and Parent Company Annual Report 1 March 2017 – 28 February 2018

Statement of Changes in Equity

		Parent Company				
DKK 1,000	Note	Capital Stock	Net revaluation according to the equity method	Retained earnings	Proposed dividends	Total
Equity at 1 March 2016		25,000	165,223	393,111	5,000	588,334
Dividends paid, ordinary		-	-	-	(5,000)	(5,000)
Dividends paid, extraordinary			-	(95,000)	-	(95,000)
Dividends from subsidiaries	23	-	(100,000)	100,000	-	0
Retained income for the year according to appropriation of net income		-	81,776	(2,920)	-	78,856
Other changes in equity in subsidiaries		-	(1,505)	-	-	(1,505)
Tax on other changes in equity			476	-	-	476
Equity at 28 February 2017		25,000	145,970	395,191	0	566,161
Retained earnings according to appropriation of net income	23	-	62,670	(3,129)	-	59,541
Other changes in equity in subsidiaries		-	38,153	-	-	38,153
Tax on other changes in equity		-	(9,340)	-	-	(9,340)
Equity at 28 February 2018		25,000	237,453	392,062	0	654,515

Consolidated and Parent Company Annual Report 1 March 2017 – 28 February 2018

Cash Flow Statement

		Consolidated	
DKK 1,000	Note	2017/18	2016/17
Earnings before tax		79,993	106,639
Adjustments:			
Depreciation, amortization, and write-downs, etc.		162,021	158,932
Provisions		7,892	144
Financial income and costs		27,083	22,890
		196,996	181,966
Changes in working capital	24	(216,247)	21,100
Cash flows generated from operations before financial items		60,742	309,705
Net financial income, paid and received		9,837	6,795
Net financial costs, paid and received		(37,495)	(30,232)
Cash flows from operations before tax		33,084	286,268
Corporate tax paid		(19,825)	7,552
Cash flows from operating activities		13,259	293,820
Capitalized development costs		(96,216)	(73,487)
Acquisition of software, property, plant, and equipment		(91,779)	(134,442)
Cash flows for investing activities		(187,995)	(207,929)
Repayments, non-current liabilities		(10,404)	(149,912)
Subordinated loans		45,000	125,000
Proceeds from incurrence of debt		104,436	104,066
Loan from parent company		(42,679)	(24,280)
Dividens paid		0	(100,000)
Cash flows from financing activities		96,353	(45,126)
Net cash flows from operating, investing, and financing activities		(78,783)	40,765
Current cash and borrowings at 1 March		45,955	5,190
Current cash and borrowings at 28 February		(32,428)	45,955

The Cash Flow Statement cannot be directly derived from the Balance Sheet and the Income Statement.

Consolidated and Parent Company Annual Report 1 March 2017 – 28 February 2018

Notes

1. Accounting Policies

The Annual Report of Thrige Holding A/S for 2017/18 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Thomas B. Thriges Fond is the ultimate Parent. In accordance with the Danish Financial Statements Act §111 section 3, no Consolidated Financial Statements are made for the foundation. Thus the Consolidated Financial Statements of Thrige Holding A/S are at the highest level for the Group.

Recognition and measurement of derivative financial instruments are made in accordance with International Financial Reporting Standards (IFRS), cf. the Danish Financial Statements Act, § 37 section 5.

The accounting policies are consistent with those of last year.

Consolidated Financial Statements

The Consolidated Financial Statements comprise the Parent Company Thrige Holding A/S and subsidiaries over which Thrige Holding A/S has control, i.e. the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is obtained when the Company directly or indirectly holds more than 50% of the voting rights in the subsidiary or, in some other way, controls the subsidiary.

The Consolidated Financial Statements have been prepared as a consolidation of the Financial Statements of the Parent Company and subsidiaries, prepared according to the Group's accounting policies. On consolidation, intra-group income and costs, stockholdings, intra-group balances and dividends, and realized and unrealized gains and losses on intra-group transactions are eliminated.

Entities acquired or formed during the year are recognized in the Consolidated Financial Statements from the date of acquisition or formation. Entities which are disposed of or wound up are recognized in the Consolidated Income Statement until the date of disposal or winding-up. The comparative figures are not restated for entities acquired, disposed of, or wound up.

Foreign currency translation

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 at the date of payment are recognized in the Income Statement as financial income or financial costs.

Receivables, payables, and other monetary items denominated in foreign currencies, which are not settled on the Balance Sheet date, are translated at the exchange rates at the Balance Sheet date. The difference between the exchange rates at the Balance Sheet date and at the date at which the receivable or payable arose or was recognized in the latest Financial Statements is recognized in the Income Statement as financial income or financial costs.

Upon recognition of subsidiaries that are foreign entities, the Income Statements are translated at an average rate of exchange for the month, and the Balance Sheet items are translated at the exchange rates at the Balance Sheet date. Currency differences arising upon translation of foreign subsidiaries' equity at the beginning of the year to the exchange rates at the Balance Sheet date and upon translation of Income Statements from the average rates of exchange to the exchange rates at the Balance Sheet date are recognized directly in the equity.

Foreign exchange adjustment of balances with foreign entities which are considered part of the investment in the entity is recognized in the Consolidated Financial Statements in the equity.

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Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rate at the Balance Sheet date. Non-monetary items are translated at the exchange rate at the date of acquisition or the time of the subsequent revaluation or impairment of the asset. The items in the Income Statement are translated at the exchange rate at the date of transaction. However, items derived from non-monetary items are translated at the historical conversion rate of the non-monetary item.

Derivative financial instruments

Derivative financial instruments are initially recognized in the Balance Sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognized asset or liability are recognized in the Income Statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognized directly in other receivables or other payables and in the equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts which were previously recognized in the equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or costs, amounts previously recognized in the equity are transferred to the Income Statement in the period in which the hedge item affects the profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in the Income Statement on a regular basis.

Changes in the fair value of derivative financial instruments used for the hedging of net investments in foreign entities are recognized directly in the equity.

Income Statement

Revenue

Revenue comprises the deliveries for the year and the value of construction contracts in process with significant customization.

Revenue from contract work in process with an insignificant degree of customization is recognized in the Income Statement when the transfer of risk to the customer has taken place. Any discounts allowed are deducted from the revenue.

Construction contracts with significant customization are recognized as revenue by reference to the percentage of completion method, which means that revenue corresponds to the selling price of work performed during the year.

Production costs

Production costs comprise costs, including depreciation, amortization, and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, depreciation of production plants, and other production costs.

Production costs also comprise research and development costs that do not qualify for capitalization and amortization of capitalized development costs.

Production costs also comprise provisions for losses on construction contracts.

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Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc. during the year are recognized as distribution costs. Also, costs relating to sales staff, advertising, exhibitions, and depreciation are recognized as distribution costs.

Administrative costs

Administrative costs comprise costs incurred during the year for the Management and administration, including costs related to administrative staff, office premises and office expenses, and depreciation.

Other operating income and costs

Other operating income and costs comprise items secondary to the principal activities, including gains and losses on disposal of intangibles and property, plant, and equipment. In the Parent Company, other operating income also comprises management fees from subsidiaries.

Profit in subsidiaries

The individual subsidiaries' profit after tax is recognized in the Income Statement for the Parent Company following elimination of intra-group gains/losses.

Financial income and costs

Financial income and costs comprise interest income and costs, gains and losses on receivables, payables, and other transactions denominated in foreign currencies, amortization of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Thrige Holding A/S is subject to the compulsory Danish joint taxation method for Thrige Holding A/S and the Thrige Holding Group's Danish subsidiaries. Subsidiaries are part of the joint taxation from the time of the consolidation in the Group's Financial Statements and until the time when they are left out of the consolidation.

Thrige Holding A/S is the administrative company for the joint taxation, and as a consequence, it settles all tax payments with the authorities.

The current Danish corporate income tax is allocated by payment of the joint taxation contribution between the jointly taxed companies relative to the taxable income. In this respect, companies with tax loss receive joint taxation contributions from companies which have used this loss to reduce their own tax profit.

Tax for the year comprises current tax for the year, the joint taxation contribution, and changes in deferred tax. The tax expense relating to the profit for the year is recognized in the Income Statement, and the tax expense relating to amounts directly recognized in equity is recognized directly in the equity.

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Balance Sheet

Intangibles

Development projects, patents, and licenses

Development projects comprise costs, salaries, and amortization directly attributable to the development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources, and a potential future market or development opportunities can be evidenced, and where it is intended to produce, market, or use the project, are recognized as intangibles, provided that the cost can be measured reliably, and that there is sufficient assurance that future earnings can cover production costs, selling costs, administrative costs, and development projects. Other development projects in process are recognized in the Income Statement when incurred.

Capitalized development projects are recognized at cost less accumulated amortization and impairment losses.

Following the completion of development projects, capitalized development costs are amortized concurrently with the sale of the developed products, alternatively on a straight-line basis over the estimated useful life. The amortization period is usually 5-15 years.

Patents and licenses are measured at cost less accumulated depreciation and impairment loss. Patents are depreciated on a straight-line basis over the remaining patent period, and licenses are depreciated over the contract period, however, not longer than 8 years.

Gains and losses on the disposal of development projects, patents, and licenses are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognized in the Income Statement under other operating income and other operating costs, respectively.

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 when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subcontractors, and wages and salaries. No interest is included.

The cost of a total asset is divided into separate elements which are depreciated separately if the useful life of the individual elements varies.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings 10-50 years
Plant and machinery 3-20 years
Fixtures and fittings, tools and equipment 3-7 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized.

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In case of changes in the depreciation period or the residual value, the effect on the amortization charges is recognized prospectively as a change in accounting estimates.

Depreciation is recognized in the Income Statement as production costs, distribution costs, and administrative costs, respectively.

Gains and losses on the disposal of property, plant, and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognized in the Income Statement as other operating income or other operating costs, respectively.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured in the Balance Sheet at the subsidiaries' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealized intra-group profits and losses.

Net revaluation of investments in subsidiaries is shown as a reserve for net revaluation according to the equity method under equity to the extent that the carrying value exceeds the cost. Subsidiary dividends are transferred from the net revaluation to the distributable reserves at the time of distribution.

Impairment of non-current assets

The carrying amount of intangibles and property, plant, and equipment as well as equity interests in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortization.

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 expected net income from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognized impairment will only be reversed if the reason for impairment no longer exists.

Leases

Payments relating to operating leases are recognized in the Income Statement over the term of the lease. The Company's total liabilities relating to operating leases are disclosed in the notes.

Inventories

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

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in process 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 maintenance and depreciation of production machinery, buildings, and equipment as well as factory administration and management. Borrowing costs are not included in the cost.

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The net realizable 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 recognized initially at fair value and subsequently measured at amortized cost less impament losses. The impairment assessment is based on the Expected Credit Loss model (ECL).

The ECL model involves a three-stage approach under which financial assets move through the stages as their credit quality changes.

The stages determine how impairment losses are measured and the effective interest is applied. For trade receivables, the Group applies the simplified approach, which permits the use of lifetime ECL. Provision rates are determined based on grouping af trade receivables sharing the same credit risk characteristics and days past due.

Regarding Group intercompany loans, impairment losses will be recognized based on 12-month or lifetime ECL depending on whether a significant increase in credit risk has arisen since initial recognition.

Construction contracts

Construction contracts are measured at the selling price of the work performed. The impairment assessment is based on the ECL model, cf. above.

The selling price is measured on the basis of the stage of completion at the Balance Sheet date and total expected income from the individual contract work. When the selling price of a contract cannot be measured reliably, the selling price is measured at the costs incurred or at net realizable value, if this is lower.

The individual construction contract is recognized in the Balance Sheet under either receivables or liabilities, depending on the net amount of the selling price less payables. Net assets are constituted by the sum of the construction contracts where the selling price of the work performed exceeds the amount which has been invoiced on account. Net liabilities are constituted by the sum of the construction contracts where the amount which has been invoiced on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognized in the Income Statement when incurred.

Prepayments

Prepayments recognized under current assets comprise costs incurred concerning subsequent fiscal years.

Equity

Reserve for net revaluation according to the equity method (Parent Company)

Net revaluation of investments in subsidiaries is recognized at cost in the reserve for net revaluation according to the equity method. The reserve cannot be recognized at a negative amount.

Proposed dividend

Dividend proposed is recognized as a liability at the date when they are adopted at the general meeting (declaration date). Dividend during the year (extraordinary) or dividend expected to be distributed for the year are disclosed separately under equity.

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Current tax and deferred tax

Current tax payable and receivable is recognized 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.

Payable and receivable joint tax contributions are recognized in the Balance Sheet under balances for the Parent Company.

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. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes and other items in which temporary differences – excluding acquisitions – have arisen on the date of acquisition, without affecting the profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability, respectively. Adjustment is made to deferred tax resulting from elimination of unrealized intra-group profits and losses.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized at the expected value of their utilization, either as a set-off against tax on future income or as set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the Balance Sheet date.

Provisions

Provisions comprise anticipated costs related to warranties and losses related to construction contracts in process. Provisions are recognized when, as a result of past events, the Group has a legal or a constructive obligation, and it is probable that settlement of the obligation will result in an outflow of financial resources.

Warranties comprise obligations to make good any defects within the warranty period. Provisions for warranties are measured at net realizable value and recognized based on past experience.

If it is probable that the total costs related to a construction contract will exceed the total income, the expected total loss of the construction contract is recognized as a provision.

Liabilities other than provisions

Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the Income Statement over the term of the loan.

Other liabilities are measured at net realizable value.

Fair value

Fair value measurements are based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximizes the price of the asset or liability less transaction and/or transport costs.

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All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierachy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognized valuation methods on the basis of observable market information

Level 3: Value based on recognized valuation methods and reasonable estimates (non-observable market information).

Cash Flow Statement

The Cash Flow Statement shows the Group's cash flows from operating, investing, and financing activities for the year, the year's changes in cash as well as the Group's cash at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's profit adjusted for non-cash operating items, changes in working capital, corporate tax paid, and receivable/joint taxation contribution.

Cash flows for investing activities

Cash flows for investing activities comprise payments in connection with capitalized development costs (cash effect) and acquisitions and disposals of other intangibles, property, plant, and equipment, and investments.

Cash flows from financing activities

Cash flows from financing activities comprise payments to and from the Group's stockholders and related costs as well as raising of loans and repayment of interest-bearing debt.

Cash at bank and in hand reduced by current borrowings in credit institutions (current cash and borrowings)

Cash at bank and in hand comprises cash reduced by current borrowings in credit institutions.

Segment information

Revenue has been allocated according to business segments and geographical markets.

2 Special items

Special items comprise significant income and costs of a special character in relation to the Group's operating activities generating income, i.e. costs in connection with comprehensive restructuring of processes and fundamental structural modifications and related gains and losses on disposals which will be of significance over a period of time. Special items also comprise other significant one-off expenses which according to the Management are not a part of the operating activities of the Group.

As mentioned in the Management's Review, the profit for the year has been impacted by circumstances which according to the Management deviate from being a part of the operating activities.

The order value of a customer project is significantly downwards adjusted and thereby impacting the profit for the year with 15,000 tDKK. In addition, a restructuring of the organization and Management has taken place with a further impact of 15,762 tDKK.

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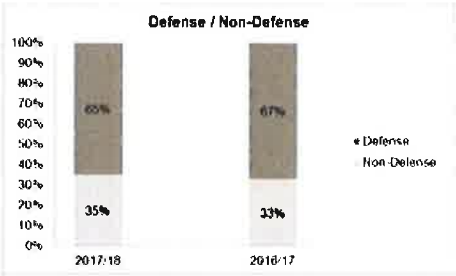
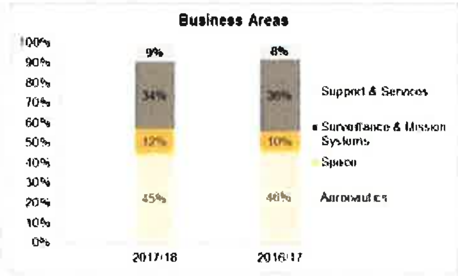
These significant one-off costs have impacted the profit for the year negatively with 30,762 tDKK in total, of which 24,132 tDKK relates to production costs, 2,320 tDKK relates to distribution costs, and 4,310 tDKK relates to administrative costs.

3. Segment information, Revenue

Consolidated





DKK 1,000.	Consolidated 2017/18	Consolidated 2016/17	Parent Company 2017/18	Parent Company 2016/17
Revenue				
Goods and services	648,394	616,002	0	0
Construction contracts	1,136,197	1,102,807	0	0
	1,784,591	1,718,809	0	0

4 Costs

Staff costs

	Consolidated 2017/18	Consolidated 2016/17	Parent Company 2017/18	Parent Company 2016/17
Wages and salaries	765,612	699,544	0	0
Remuneration to Parent Company Board Members and Management registered in the Central Business Register	750	525	0	0
Pensions	47,792	42,873	0	0
Other social security costs	34,976	30,988	0	0
	849,130	773,930	0	0
Average number of full-time employees	1,398	1,257	0	0

Parent

No remuneration for the Parent Company Board Members and Management was given in the 2017/18 fiscal year.

No staff is employed apart from the Management.

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Group

According to the exemption clause in § 98, section 3, No. 1 of the the Danish Financial Statements Act, remuneration for the Consolidated Management is presented in total to avoid disclosure of remuneration for the Management.

Incentive programs have been established for the Management and employees in managerial positions. The programs comprise the possibility of settlement in cash depending on achievement of specific targets. The programs run mainly annually.

5 Fees paid to auditors

DKK 1,000		
Statutory audit	1,284	1,195
Other assurance engagements	87	65
Tax and VAT	751	833
Other non-audit services	284	213
Total	2,406	2,306

6 Investments in subsidiaries

DKK 1,000	
Cost at 1 March 2017	467,443
Cost at 28 February 2018	467,443
Net revaluation at 1 March 2017	145,970
Result for the year in subsidiaries	73,782
Amortization of goodwill	(11,112)
Other changes in equity in subsidiaries	28,814
Value adjustments at 28 February 2018	237,454
Carrying amount at 28 February 2018	704,897
Unamortized goodwill at 28 February 2018	1,906

Please refer to note 20 for further disclosure of subsidiaries.

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7 Financial income and costs

	Consolidated		Parent Company	
DKK 1,000	2017/18	2016/17	2017/18	2016/17
Included in financial income and costs are:				
Intercompany interest income, current assets	-	-	254	458
Other interest	0	138	0	0
Exchange rate variations regarding hedging instruments	9,837	6,657	0	0
Financial income	9,837	6,795	254	458
Intercompany interest, current liabilities	931	2,728	2,666	3,938
Interest on subordinated loans	6,975	2,984	1,350	0
Interest to credit institutions, non-current liabilities	6,407	5,339	0	0
Interest to credit institutions, current liabilities	2,793	4,994	0	0
Guarantee expenses and bank charges	2,001	5,428	0	0
Exchange rate variations and hedging costs regarding hedging instruments	17,813	8,212	0	0
Financial costs	36,920	29,685	4,016	3,938
Net financial income and cost	(27,083)	(22,890)	(3,762)	(3,480)

8 Tax

Corporate income tax	19,469	19,057	0	0
Joint taxation contribution from other companies	0	0	(883)	(7,513)
Deferred tax	10,323	8,152	0	6,692
Adjustments related to previous years	0	98	0	8
Total tax	29,792	27,307	(883)	(813)
Specified as follows:				
Tax on profit	20,452	27,783	(883)	(813)
Tax on changes in equity	9,340	(476)	0	0
	29,792	27,307	(883)	(813)

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9 Intangibles

	Consolidated					
DKK 1,000	Group Goodwill	Software	Software in process	Developm. projects, completed	Developm. projects, in process	Total
Cost at 1 March 2017	224,136	42,081	342	705,680	133,139	1,105,378
Foreign currency translation	0	0	0	0	(957)	(957)
Additions	0	4,241	2,171	0	96,216	102,628
Disposals	0	0	0	(26,721)	0	(26,721)
Transfers	0	284	(284)	75,185	(75,185)	0
Cost at 28 February 2018	224,136	46,606	2,229	754,144	153,213	1,180,328
Amortizations and impairments at 1 March 2017	211,118	15,444	0	429,641	0	656,203
Amortizations	11,112	7,434	0	95,776	0	114,322
Disposals	0	0	0	(26,721)	0	(26,721)
Amortizations and impairments at 28 February 2018	222,230	22,878	0	498,696	0	743,804
Carrying value at 28 February 2018	1,906	23,728	2,229	255,448	153,213	436,524
Amortized over	20 years	3-5 years		5-15 years		

Development costs

Development projects comprise large and small projects in all Terma's Business Areas. Investments are made in the development of:

- Physical products or product platforms based on a set of technologies
- Software platforms, generic or actual applications
- Production processes with future profitability, supporting provision of one or more of the other assets.

A development project is initiated based on an assessment of the business potential described in a business case. Terma uses a gateway model ensuring ongoing follow-up of the development projects.

Recognition and measurement in the financial statements

It is a prerequisite for capitalization

- that an explicit sales evaluation exists describing whether the asset in itself or in a modified form may form the basis of repeated sales to one or more customers
- that the technological challenges are described and that ressource requirements of the development projects are described
- that a financial impact analysis is made.

Development projects are valued at cost less accumulated amortization and write-downs, or recoverable amount if this is lower.

Capitalized development costs are amortized concurrently with the sale of the developed products and platforms or on a straight-line basis over the estimated useful life.

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The amortization profile is determined based on a business case, and the amortization base comprises both existing and expected orders. An estimated useful life of usually no more than 10 years is attached to the amortization profile, adjusted according to the investment amount. The amortization profile is reevaluated on an annual basis.

All development projects are evaluated to ensure that future earnings justify the carrying amount. An annual impairment test of the individual development project will ensure this, in which the discounted expected cash flow is compared with the carrying amount. Ongoing projects are discounted with a WACC of 13-15% after tax, and finished projects are discounted with a WACC of 11-13% after tax.

Sensitivity Analysis

An increase in the WACC percentage of 1% will decrease the discounted value of the projects, but they will all remain within the carrying amount.

10. Property, plant, and equipment

	Consolidated				
DKK 1,000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant, and equipment under construction	Total
Cost at 1 March 2017	436,423	365,182	101,744	62,554	965,903
Foreign currency translation adjustments	0	(1,055)	(1,929)	0	(2,984)
Transfers	6,816	51,280	501	(58,597)	0
Additions	17,599	30,896	16,746	21,278	86,519
Disposals	(373)	(6,089)	(3,815)	0	(10,277)
Cost at 28 February 2018	460,465	440,214	113,247	25,235	1,039,161
Revaluation at 1 March 2017	20,621	-	-	-	20,621
Revaluation at 28 February 2018	20,621	-	-	-	20,621
Depreciation and impairments at 1 March 2017	195,007	243,213	85,681	0	523,901
Foreign currency translation adjustments	0	(935)	(1,321)	0	(2,256)
Depreciations	13,002	25,669	7,393	0	46,064
Disposals	(50)	(4,947)	(3,645)	0	(8,642)
Depreciations and impairments at 28 February 2018	207,959	263,000	88,108	0	559,067
Carrying amount at 28 February 2018	273,127	177,214	25,139	25,235	500,715
Depreciated over	10-50 years	3-20 years	3-7 years		

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11 Construction contracts

DKK 1,000	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
Selling price of construction contracts	2,152,006	1,727,396	-	-
Invoiced on account	(1,914,530)	(1,561,375)	-	-
Construction contracts at 28 February	237,476	166,021	-	-
Recognized as follows:				
Construction contracts (assets)	380,739	287,427	-	-
Construction contracts (liabilities)	(143,263)	(121,406)	-	-
	237,476	166,021	-	-

12 Corporate tax payable

	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
Corporate tax payable at 1 March	18,038	(8,571)	11,821	(11,426)
Foreign currency translation	0	(98)	0	0
Transferred from intra-group accounts	0	0	19,804	20,842
Tax adjustment regarding previous years	0	98	0	8
Tax for the year	19,469	19,057	(883)	(7,513)
Corporate tax paid during the year	(19,825)	7,552	(13,368)	9,910
Corporate tax payable at 28 February	17,682	18,038	17,374	11,821
recognized as follows:				
Corporate tax receivable	(3,268)	(219)	0	0
Corporte tax payable	20,950	18,257	17,374	11,821
	17,682	18,038	17,374	11,821

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		Consolidated		Parent Company	
	DKK 1,000	2018	2017	2018	2017
13	**Deferred tax**				
	Deferred tax at 1 March	131,474	123,268	0	(6,790)
	Tax adjustment regarding previous years	0	98	0	98
	Foreign currency translation	136	(44)	0	0
	Tax adjustments for the year	10,323	8,152	0	6,692
	Deferred tax at 28 February	141,933	131,474	0	0
	recognized as follows:				
	Deferred tax asset	(1,384)	(1,028)	0	0
	Deferred tax	143,317	132,502	0	0
		141,933	131,474	0	0
	Deferred tax relates to:				
	Intangibles	86,348	89,727	0	0
	Property, plant, and equipment	34,806	30,622	0	0
	Current assets	21,611	21,700	0	0
	Liabilities other than provisions	(832)	(10,575)	0	0
		141,933	131,474	0	0
	Expected timeframe for elimination of deferred tax liabilities:				
	0-1 year	15,869	31,925	0	0
	1-5 years	76,808	71,641	0	0
	>5 years	49,256	27,908	0	0
		141,933	131,474	0	0
14	**Prepayments**				
	Insurance premiums	679	664	0	0
	Rent	938	553	0	0
	Tax on real property	519	517	0	0
	IT licenses, short term	4,262	3,657	0	0
	Other prepayments and deferred charges	1,006	2,065	0	0
		7,404	7,456	0	0

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15 Equity

Capital stock consists of stock of 25 million with a nominal value of DKK 1.00, in total MDKK 25.

The capital stock has remained unchanged during the preceding five years.

The Company does not hold any own shares at the Balance Sheet date. Buying or selling own shares have not taken place during the financial year, either.

16 Warranty provisions

	Consolidated		Parent Company	
DKK 1,000	2017/18	2016/17	2017/18	2016/17
Warranty provisions at 1 March	12,179	9,993	0	0
Used during the year	(9,347)	(6,779)	0	0
Unused warranty provisions, reversed	(1,033)	(48)	0	0
Provisions for the year	9,973	9,013	0	0
Warranty provisions at 28 February	11,772	12,179	0	0
Expected maturity dates for warranty provisions				
0-1 year	8,315	8,271	0	0
>1 years	3,457	3,908	0	0
	11,772	12,179	0	0

17 Subordinated loans

Subordinated convertible loans have been obtained from the ultimate parent company Thomas B. Thriges Fond with a total nomial value of MDKK 170 (Parent: 45 MDKK). The interest rate is fixed at 4.5%. The loans expire 31 May 2019 and 30 June 2019 without further notice. Once a year in February, the loans can be fully or partially converted into shares in Thrige Holding A/S / the subsidiary Terma A/S based on current value. However, not less than a share price of 100 per share amounting to 100.

18 Non-current liabilities other than provisions

2017/18	Consolidated					
DKK 1,000	Liabilities	Fair value	Nominal value	Long-term liabilities	Short-term liabilities	Loans outstanding after five years
Subordinated loans	170,000	170,000	170,000	170,000	0	0
Credit institutions	208,502	208,502	208,502	208,502	0	63,739
Mortgage credit institutions	193,490	199,403	197,449	182,983	10,507	139,611
28 February 2018	571,992	577,905	575,951	561,485	10,507	203,350

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	Consolidated					
DKK 1,000	Liabilities	Fair value	Nominal value	Long-term liabilities	Short-term liabilities	Loans outstanding after five years
Subordinated loans	125,000	125,000	125,000	125,000	0	0
Credit institutions	104,066	104,066	104,066	104,066	0	52,150
Mortgage credit institutions	203,894	208,088	208,088	193,485	10,409	150,966
28 February 2017	432,960	437,154	437,154	422,551	10,409	203,116

2017/18	Consolidated			
DKK 1,000	28 February 2017	Cash flow	Non-monetary	28 February 2018
Non-current liabilities other than provisions	422,551	138,798	136	561,485
Current liabilities other than provisions	72,556	9,043	0	81,599
Liabilities other than provisions from investing activities	495,107	147,841	136	643,084

Debt to financial institutions

	2018				
DKK 1,000	Average nominal interest rate	Average effective interest rate	Currency	Fixed interest period	Carrying amount
Mortgage loans:					
Variable rate loans	0.93	0.93	DKK	3-6 months	57,917
Fixed rate loans	2.82	3.12	DKK	14-22 years	125,066
Mortgage loans total	2.23	2.43			182,983
Loans from banks:					
Fixed interest rate loans	1.15	1.18	EUR		208,502
Loans from banks total	1.15	1.18			208,502
Credit institutions total at 28 February					391,485

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	2017				
DKK 1,000	Average nominal interest rate	Average effective interest rate	Currency	Fixed interest period	Carrying amount
Mortgage loans:					
Variable rate loans	0.93	0.97	DKK	3-6 months	62,509
Fixed rate loans	2.81	3.10	DKK	15-23 years	130,976
Mortgage loans total	2.21	2.42			193,485
Loans from banks:					
Fixed interest rate loans	1.13	1.13	EUR		104,066
Loans from banks total	1.13	1.13			104,066
Credit institutions total at 28 February					297,551

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19 Contingent liabilities and security

Contingent liabilities

DKK 1,000	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
Lease liabilities (operating leases) falling due within five years (annual cost 13,448 tDKK)	41,337	24,703	0	0
Lease liabilities due after more than five years	483	0	0	0

The German consolidated company Thrige Electric GmbH has secondary liability for pension obligations towards former employees in a transferred subsidiary. The activities have been retransferred three times and the risk that the obligations will be actualized is assessed low.

Terma A/S is a party, as the plaintiff, to a court dispute with the Polish Ministry of National Defence regarding an EW program. The claim is MDKK 135. Early 2015, a counter claim was filed to the defendant amounting to approx. MDKK 116 (MPLN 64), including repayment of the advance payment. Based on external legal evaluation, it is the opinion of the Executive Management that the outcome of the court dispute will not negatively affect the Group's or Thrige Holding A/S's financial position as reflected in the Balance Sheet at 28 February 2018.

The subsidiaries Terma A/S, Terma Aero-structures A/S, and Thrige-Titan A/S are assessed for Danish tax purposes jointly with Thrige Holding A/S. As of 2013/14, the company is jointly and severally liable with the other companies in the Group for payment of income tax and withholding tax in Denmark. Net liability of the jointly liable companies towards SKAT appears from the annual report of Thrige Holding A/S. Corrections of income tax and withholding tax appearing at a later time may result in responsibility to pay an increased amount.

Thrige Holding A/S is jointly and severally liable for joint registration concerning VAT with the subsidiary Terma A/S.

Security

The following assets have been provided as security for mortgage loans:	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
Carrying amount of land and builidngs	273,127	262,037	-	-
Other property, plant, and equipment estimated to be comprised by the collateral, cf. the provisions of the Danish Registration of Property Act	202,353	138,036	-	-

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20 Related parties

The related parties of Thrige Holding A/S are:

Related parties with control and ownership

Thrige Holding A/S is fully (100%) owned by:

Thomas B. Thriges Fond (Central Business Register No. 10 15 62 11)
% Terma A/S
Vasekær 12
2730 Herlev

As a subsidiary, the company is included in the annual report of Thomas B. Thriges Fond. The annual report can be obtained by requst at the company's address.

Other related parties

		Ownership share	Capital stock
Terma A/S (Central Business Register No. 41 88 18 28)	Lystrup, Denmark	100%	18,000 tDKK
Terma Aerostructures A/S (Central Business Register No. 35 23 62 52)	Grenaa, Denmark	100%	5,000 tDKK
Terma North America Inc., USA	Delaware, USA	100%	150 tUSD
Terma B.V., the Netherlands	Leiden, the Netherlands	100%	750 tEUR
Terma GmbH, Germany	Darmstadt, German7	100%	51 tEUR
Terma Singapore Pte. Ltd., Singapore	Singapore, Singapore	100%	100 tSGD
Terma (UK) Ltd., England	London, England	100%	10 tEUR
Terma (India) Pvt.Ltd., India	Delhi, India	100%	1,000 tINR
Terma France SAS, France	Paris, France	100%	10 tEUR
Terma Middle East Trading LLC	Abu Dhabi, UAE	49%	300 tAED
Thrige-Titan A/S (Central Business Register No. 40 32 24 18)	Lystrup, Denmark	100%	5,000 tDKK
Thrige Electric GmbH, Germany	Darmstadt, Germany	100%	2,301 tEUR

The Board of Directors in Thrige Holding A/S
The Board of Directors in Thomas B. Thriges Fond

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Transactions with related parties

Significant transactions with related parties comprise:

DKK 1,000	2017/18	2016/17
Consolidated		
Subordinated loan from Parent Company	170,000	125,000
Amounts owed to Parent Company	19,468	62,147
Sale of services to Parent Company	901	895
Interest expense to Parent Company	7,906	5,712
Dividend to Parent Company	0	100,000
Parent Company		
Subordinated load from Parent Company	45,000	0
Accounts receivable at subsidiary	54,433	48,638
Amounts owed to Parent Company	1,737	44,612
Amounts owed to subsidiary	40,532	39,287
Purchase of services from subsidiary	71	71
Interest income from subsidiary	253	458
Interest expense to subsidiary	1,891	1,766
Interest expense to Parent Comapny	2,125	2,171
Dividend to Parent Company	0	100,000
Dividend from subsidiary	0	100,000

21 Events after the balance sheet date

Following the end of the fiscal year, no significant events have occurred which affect the assessment of the Group's and Parent Company's financial position as reported on 28 February 2018 or in the Annual Report 2017/18.

22 Financial instruments and financial risks

Through its operations, the Thrige Holding Group is exposed to a certain financial risk; this financial risk relates to and is defined as follows:

Liquidity risk	The risk that Terma Group is not able to meet its future cash flow needs
Credit risk	The risk of incurring a financial loss if a customer or counterparty fails to fulfill its contractual obligations
Market risk	The risk of losses in financial positions arising from movements in interest, currency rates, and raw material prices to which the Group is exposed

Policies and objectives for handling financial risks are regularly assessed and approved by the Board of Directors.

Sensitivity analyses and stress tests are performed. Sensitivity information reported is calculated at Balance Sheet date and comprises only sensitivity relating to financial instruments, so the amounts disclosed do not necessarily give a complete picture of the Group's risk relating to changes in currency rates and interest rates.

There are no changes to the Group's exposure to and management of financial risk since last year.

Liquidity risk

Related business activity	Implication	Risk mitigation	Impact
The Group is exposed to liquidity risk due to ongoing normal business activities, significant investments, and to a lesser extent to repayment of mortgage loans. Cash management is vital in relation to fulfill requirements from financial institutions.	*Effect:* Medium *Threat:* Low	Liquidity is managed at Group level. Liquidity forecasts are produced and updated regularly based on forecasts on operational cash flows, CAPEX, and investment commitments. Flexibility in the Group's loan portfolio is secured by having different institutions, terms, and expiry. The Group's loan agreements include covenants (leverage ratio). The agreements do not include clauses where cash security has to be pledged.	The Group's liquidity reserve consists of an unsecured overdraft facility for multi-currency short-term financing needs. Similar to 2016/17, there has been no breach of covenants during the year It is the Management's opinion that the Group has sufficient financial resources to settle obligations as they become due.

Investments are classified as financial assets at fair value through profit or loss (financial derivatives) or as loans and receivables. The classification depends on the purpose for which the investments were acquired. Financial assets classified at fair value through profit or loss are investments that are measured and reported at fair value in the internal management reporting. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in trade receivables and other receivables in the statement of financial position.

The Group's loan portfolio consists of a traditional mortgage loan, a European Investment Bank loan, and a loan from the Parent Company (intra-group balance).

In addition, the Group has subordinated loans of 170 MDKK.

At year-end February 2018, cash and cash equivalents amounted to MDKK 19.2. In addition to cash and cash equivalents, an unsecured overdraft facility for multi-currency short-term financing needs is in place.

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Below is a maturity analysis of the financial liabilities at year-end, 28 February 2018 and 28 February 2017.

	2018				2017			
DKK 1,000	Carrying amount/ contractual cash flow	0-1 year	1-5 years	>5 years	Carrying amount/ contractual cash flow	0-1 year	1-5 years	>5 years
Non-derivats:								
Subordinated loans	170,000	-	170,000	-	125,000	-	125,000	-
Credit institutions	208,502	-	144,763	63,739	104,066	-	51,916	52,150
Mortgage credit institutions	182,983	-	43,372	139,611	193,485	-	42,519	150,966
Current liabilities other than provisions	632,873	606,144	26,729	-	632,817	593,425	39,392	-
Derivats:								
Forward contracts	3,797	3,797	-	-	31,389	31,389	-	-
Interest swaps	3,778	3,778	-	-	5,173	5,173	-	-
	1,201,933	613,719	384,864	203,350	1,091,930	629,987	258,827	203,116

Credit risk

Related business activity	Implication	Risk mitigation	Impact
The Group is exposed to credit risk from receivables and from balances with banks. Risk related to receivables occurs when customers do not pay as agreed. Credit risk with balances in banks occurs when it is uncertain if the bank is capable of settleing its obligations as they become due.	*Effect:* Medium *Threat:* Low	The Group conducts credit assessments of new customers and partners. Customers outside Europe and North America are individually assessed and due to the assessment the trade is handled on letter of credit. Credit insurance from EKF is used if deemed necessary. The Group minimizes risk from banks by using banks with proper ratings.	In general, there is no significant credit risk relative to individual customers. In 2017/18, the Group has not incurred any financial loss on debtors, neither in 2016/17. The Group does not expect any loss on trade receivables, construction contracts, or amounts owed by subsidiaries.

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In 2017/18, there was no impairment of receivables. 5% of the receivables exceeded payment terms with more than one month.

In 2016/17, there was no impairment of receivables. 2% of the receivables exceeded payment terms with more than one month.

Accounts receivable from sales are specified as follows:

DKK 1,000	2017/18	2016/17
Europe	177,731	137,313
North and Central America	95,805	87,314
Asia Pasific	25,416	12,722
Middle East and North Africa	19,151	3,274
Rest of World	612	2,564
Accounts receivable at 28 February	318,715	243,187

Overdue Accounts Receivable:

DKK 1,000	2017/18	2016/17
Up to 1 month	35,703	43,694
Between 1 and 2 months	3,753	5,448
More than 2 months	10,701	37
Overdue accounts receivable at 28 February	50,157	49,179

Interest rate risk

Related business activity	Implication	Risk mitigation	Impact
Due to financing of investments and normal business operations, the Group is exposed to risk concerning fluctuations in the interest rate. The primary risk is related to fluctuations in CIBOR.	*Effect:* Medium *Threat:* Low	It is the Group's policy to have long-term borrowings to a large extent at fixed rates. Net interest rate risks may be hedged via interest rate swaps and related instruments, if assessed as advantageous. The Group uses cash pool arrangements to net funds on deposit with debt to minimize interest payments.	68% of total interest-bearing debt excluding subordinated loans is fixed rated (2016/17 it was 67%). The effective interest rate of this part of the debt is 1.9% (2016/17 it was 2.2%). Please refer to note 17 for information about subordinated loans.

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The exposure to floating interest rates at Balance Sheet date 28 February 2018 and 28 February 2017 are as follows:

	2018				2017			
DKK 1,000	Notional principal amount	Value adjust-ment re-cognized in equity	Fair value	Expected life	Notional principal amount	Value adjust-ment re-cognized in equity	Fair value	Expected life
Interest rate swap	40,955	(2,947)	(3,999)	4 years	43,236	(4,035)	(5,393)	5 years

Changes in market values on derivatives could cause calls of further pledge or cash distribution, but the risk is considered insignificant, and we have sufficient credit lines with our financial counterparties.

Sensitivity of interest rate risk

The calculated effect after tax based on a 1% point interest rate increase would affect profit/(loss) by (1.6) MDKK (2016/17: (1.2) MDKK) and equity by (1.2) MDKK (2016/17: (0.9) MDKK).

A 1% point interest rate decrease would as a minimum have a corresponding inverse effect (however, not below zero interest rates).

Currency risk

Related business activity	Implication	Risk mitigation	Impact
The Group is exposed to currency risk due to selling in USD and EUR, buying in EUR, USD, and GBP, loan taken in EUR, and net investments in subsidiaries with functional currency in SGD, INR, and AED.	*Effect:* High *Threat:* Low	It is the Group's policy to use derivative instruments to hedge currency risks, and forward exchange contracts are entered into in connection with the acceptance and conclusion of contracts. EUR cash flow is used for repaying loan in EUR but otherwise not hedged due to Danish fixed exchange rate policy against EUR. Net investments in foreign subsidiaries are not hedged.	The effect from currency risk originates mainly from USD cash flows. The company has hedged the currency risk in accordance with the Group's policy. As in 2016/17, the Group has only used derivative financial instruments to hedge exchange rate risks.

The operating and reporting currency is DKK, and thus, all amounts are recorded and reported in DKK.

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At year-end, the Group held the following derivatives:

2018

DKK 1,000	Payable/ maturity date	Receivables	Credit institutions	Liabilities other than provisions	Hedged by forward exchange contracts and currency swaps	Net position
USD	< 1 year	109,086	-	(68,886)	(22,955)	17,245
GBP	< 1 year	3,812	-	(8,532)	-	(4,720)
CAD	< 1 year	13	-	-	-	13
SEK	< 1 year	-	-	(555)	-	(555)
EUR	< 1 year	187,182	-	(90,440)	-	96,742
EUR	> 1 year	-	(208,502)	-	-	(208,502)
INR	< 1 year	180	-	(229)	-	(49)
SGD	< 1 year	563	-	(1,180)	-	(617)
AED	< 1 year	12,407	-	(370)	(12,037)	-
CHF	< 1 year	-	-	(42)	-	(42)

2017

DKK 1,000

Currency	Payable/ maturity date	Receivables	Credit institutions	Liabilities other than provisions	Hedged by forward exchange contracts and currency swaps	Net position
USD	< 1 year	76,227	-	(99,503)	46,771	23,495
GBP	< 1 year	201	-	(8,690)	8,370	(119)
SEK	< 1 year	19	-	(810)	-	(791)
NOK	< 1 year	-	-	(272)	-	(272)
EUR	< 1 year	146,367	-	(123,590)	-	22,777
EUR	> 1 year	-	(104,066)	-	-	(104,066)
INR	< 1 year	24	-	(67)	-	(43)
SGD	< 1 year	1,903	-	(2,382)	-	(479)

Sensitivity of currency risk

To measure currency risk in accordance with IFRS 7, sensitivity is calculated as the change in fair value of future cash flows from financial instruments as a result of fluctuations in exchange rates on the Balance Sheet date. Other things being equal and after tax, sensitivity to fluctuations in USD at Balance Sheet date based on a 10% decrease in currency translation rates against DKK would result in a net profit/(loss) of (1.7) MDKK (2016/17: (2.3) MDKK) and affect equity by (1.3) MDKK (2016/17: (1.8) MDKK). The effect of a 10% increase in the currency translation rates against DKK would have a corresponding inverse effect.

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Exchange rate contracts:

DKK 1,000		Contractual value		Fair value		Gains and losses recognized in the equity	
	Period	2018	2017	2018	2017	2018	2017
GBP	0-1 year	-	(29,631)	-	(1,111)	-	-
GBP	1-5 years	-	-	-	-	-	-
AED	0-1 year	10,939	-	294	-	116	-
AED	1-5 years	2,487	-	71	-	95	-
USD	0-1 year	266,621	301,297	14,003	(23,876)	10,930	(13,742)
USD	1-5 years	225,765	340,035	2,289	(20,643)	3,828	(10,742)
		505,812	611,701	16,657	(45,630)	14,969	(24,484)

Fair value of financial instrument is related to observeable input (level 2).

Categories of financial instruments:

DKK 1,000	2017/18	2016/17
Financial assets:		
Financial derivatives used for hedging purposes	8,849	0
Receivables and cash at bank and in hand	337,911	289,142
Financial liabilities:		
Financial derivatives used for hedging purposes	3,797	36,562
Financial liabilities measured at amortized costs	623,616	432,960

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Raw material price risk

Related business activity	Implication	Risk mitigation	Impact
The Group is exposed to risk concerning raw material prices due to raw material as aluminum and composite materials forming part of the products sold.	*Effect:* Low *Threat:* Low	Raw material price risk has until now not been hedged. The impact on the financial result is immaterial as major parts of raw materials are bought in accordance with customer's requirement and their "Right to buy" agreements. These agreements are firm fixed prices in USD in 3-5 years. The development in raw material prices is followed continuously.	The developments in raw material prices have had an immaterial impact on the Group's financial result in 2016/17 and 2017/18.

23 Proposed profit appropriation

DKK 1,000	2017/18	2016/17
Reserved for net revaluation according to the equity method	62,670	81,776
Retained earnings	(3,129)	(2,920)
	59,541	78,856

24 Changes in working capital

DKK 1,000		
Inventories	(30,930)	5.473
Receivables including construction contracts	(186,208)	3.594
Construction contracts and prepayments from customers	14,227	(19.841)
Trade payable and other payables	(13,336)	31.874
	(216,247)	21.100