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G&O Investment A/S
Jægersborg Alle 4, 5. sal
2920 Charlottenlund
Central Business Registration
No 35817557

Annual report 2016/17

The Annual General Meeting adopted the annual report on 21.11.2017

Chairman of the General Meeting

Name: Karsten Lindved

Contents

Entity details

Entity
G&O Investment A/S
Jægersborg Alle 4, 5. sal
2920 Charlottenlund

Central Business Registration No: 35817557
Founded: 01.04.2014
Registered in: Gentofte
Financial year: 01.07.2016 - 30.06.2017

Board of Directors
Søren Klarskov Vilby, Chairman
Kristian la Cour
Thomas Marstrand
Bo Kristensen
Liselotte Grønborg Lundberg

Executive Board
Thomas Marstrand, Chief Executive Officer

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of G&O Investment A/S for the financial year 01.07.2016 - 30.06.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2017 and of the results of its operations and cash flows for the financial year 01.07.2016 - 30.06.2017.

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

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

Charlottenlund, 21.11.2017

Executive Board

Thomas Marstrand
Chief Executive Officer

Board of Directors

Søren Klarskov Vilby
Chairman

Kristian la Cour

Thomas Marstrand

Bo Kristensen

Liselotte Grønborg Lundberg

Independent auditor's report

To the shareholders of G&O Investment A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of G&O Investment A/S for the financial year 01.07.2016 - 30.06.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, 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

Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 21.11.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Jørn Jepsen
statsautoriseret revisor

Kim Ladegaard
statsautoriseret revisor

Management commentary

	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000
Financial highlights			
Key figures			
Gross profit	114,998	117,288	69,303
Operating profit/loss	23,070	28,228	2,344
Net financials	(3,055)	(2,778)	981
Profit/loss for the year	16,546	26,300	16,033
Total assets	324,351	342,075	266,572
Investments in property, plant and equipment	5,099	35,340	33,713
Equity	173,135	158,730	95,589
Cash flows from (used in) operating activities	37,140	27,884	(37,247)
Cash flows from (used in) investing activities	(11,977)	(94,010)	(96,695)
Cash flows from (used in) financing activities	(2,295)	52,248	114,500
Employees in average	183	170	165
Ratios			
Return on equity (%)	10.0	20.7	16.8
Equity ratio (%)	53.4	46.4	35.9

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

Ratios	**Calculation formula**	**Ratios**
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities
The Company's main activity comprises equity holdings in group enterprises. The Group's main activity comprises production and sale of products to the maritime sector.

Development in activities and finances
The group's profit for the year amounts to DKK 16,546k which Management considers not satisfactory.

Profit/loss for the year in relation to expected developments
During the year, the Group has experienced lower earnings growth than expected.

Outlook
The expectations for 2017/18 remain positive.

Particular risks
Business risks
The Group's most important business risk is linked to its ability to be strongly positioned on the markets in which the Group sells its products. During the financial year, the Group strengthened its position on these markets through group establishment with companies having a similar customer base.

Currency risks
The Group does most of its trade abroad, and a significant part of its revenue is invoiced in foreign currencies.

The Group evaluates on a current basis the need for use of financial instruments to hedge net positions and future transactions.

Liquidity
Management assesses that the Group has the necessary funds available to meet the contin-ued development of its activities.

Intellectual capital resources
Compared to the Group's operating risk, it is important to maintain a market leadership. This is done by attraction and continuous training and education of intellectual capital resources in accordance with market requirements as well as focused sale and marketing.

Environmental performance
The Group is eco-conscious and works on a current basis to improve the environmental impact of both its own operating activities as well as its customers.

Management commentary

Research and development activities

It is important to the Group to remain a market-leading manufacturer. This is done by current product development taking the market requirements into consideration.

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 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Gross profit		**114,998**	**117,288**
Staff costs	1	(76,339)	(74,093)
Depreciation, amortisation and impairment losses	2	(15,589)	(14,967)
Operating profit/loss		**23,070**	**28,228**
Other financial income		2,381	1,134
Other financial expenses		(5,436)	(3,912)
Profit/loss before tax		**20,015**	**25,450**
Tax on profit/loss for the year		(3,469)	850
Profit/loss for the year	3	**16,546**	**26,300**

Consolidated balance sheet at 30.06.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Completed development projects		4,412	5,119
Acquired intangible assets		622	620
Acquired licences		3,819	2,437
Goodwill		82,043	87,337
Development projects in progress		6,901	3,824
Intangible assets	4	**97,797**	**99,337**
Land and buildings		33,093	34,165
Plant and machinery		18,816	22,064
Other fixtures and fittings, tools and equipment		1,674	1,926
Leasehold improvements		855	0
Property, plant and equipment in progress		1,499	0
Property, plant and equipment	5	**55,937**	**58,155**
Deposits		0	107
Fixed asset investments	6	**0**	**107**
Fixed assets		**153,734**	**157,599**
Raw materials and consumables		66,539	53,569
Work in progress		10,659	15,199
Manufactured goods and goods for resale		12,921	19,877
Prepayments for goods		2,519	0
Inventories		**92,638**	**88,645**
Trade receivables		43,953	52,702
Contract work in progress	7	425	321
Deferred tax		18,259	20,287
Other receivables		6,305	7,450
Prepayments	8	2,491	3,357
Receivables		**71,433**	**84,117**
Cash		**6,546**	**11,714**
Current assets		**170,617**	**184,476**
Assets		**324,351**	**342,075**

Consolidated balance sheet at 30.06.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Contributed capital		2,085	2,085
Retained earnings		170,050	155,645
Proposed dividend		1,000	1,000
Equity		**173,135**	**158,730**
Other provisions		2,804	3,146
Provisions		**2,804**	**3,146**
Subordinate loan capital		14,913	15,000
Mortgage debts		9,325	10,067
Bank loans		9,000	32,000
Finance lease liabilities		1,699	2,250
Non-current liabilities other than provisions	9	**34,937**	**59,317**
Current portion of long-term liabilities other than provisions	9	24,350	1,265
Bank loans		16,998	45,034
Prepayments received from customers		9,466	2,702
Trade payables		21,030	24,679
Income tax payable		1,650	1,032
Other payables		16,209	21,058
Deferred income	10	23,772	25,112
Current liabilities other than provisions		**113,475**	**120,882**
Liabilities other than provisions		**148,412**	**180,199**
Equity and liabilities		**324,351**	**342,075**
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Mortgages and securities	14		
Subsidiaries	15		

Consolidated statement of changes in equity for 2016/17

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	2,085	155,645	1,000	158,730
Ordinary dividend paid	0	0	(1,000)	(1,000)
Exchange rate adjustments	0	(1,141)	0	(1,141)
Profit/loss for the year	0	15,546	1,000	16,546
Equity end of year	**2,085**	**170,050**	**1,000**	**173,135**

Consolidated cash flow statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Operating profit/loss		23,070	28,228
Amortisation, depreciation and impairment losses		15,589	14,967
Working capital changes	11	3,250	(9,487)
Cash flow from ordinary operating activities		**41,909**	**33,708**
Financial income received		3,030	1,134
Financial income paid		(6,976)	(5,180)
Income taxes refunded/(paid)		(823)	(1,778)
Cash flows from operating activities		**37,140**	**27,884**
Acquisition etc of intangible assets		(7,061)	(6,909)
Sale of intangible assets		0	2,000
Acquisition etc of property, plant and equipment		(5,099)	(17,153)
Sale of property, plant and equipment		76	2,155
Sale of fixed asset investments		107	0
Acquisition of enterprises		0	(74,103)
Cash flows from investing activities		**(11,977)**	**(94,010)**
Loans raised		0	14,248
Instalments on loans etc		(1,295)	0
Dividend paid		(1,000)	(2,000)
Cash increase of capital		0	40,000
Cash flows from financing activities		**(2,295)**	**52,248**
Increase/decrease in cash and cash equivalents		**22,868**	**(13,878)**
Cash and cash equivalents beginning of year		(33,320)	(19,442)
Cash and cash equivalents end of year		**(10,452)**	**(33,320)**
Cash and cash equivalents at year-end are composed of:			
Cash		6,546	11,714
Short-term debt to banks		(16,998)	(45,034)
Cash and cash equivalents end of year		**(10,452)**	**(33,320)**

Notes to consolidated financial statements

	2016/17 DKK'000	2015/16 DKK'000
1. Staff costs		
Wages and salaries	69,855	66,836
Pension costs	4,412	5,668
Other social security costs	1,239	1,081
Other staff costs	3,345	2,562
Staff costs classified as assets	(2,512)	(2,054)
	76,339	**74,093**
Average number of employees	**183**	**170**

	Remuneration of management 2015/16 DKK'000
Total amount for management categories	465
	465

	2016/17 DKK'000	2015/16 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	8,135	11,339
Impairment losses on intangible assets	465	0
Depreciation of property, plant and equipment	6,990	5,995
Profit/loss from sale of intangible assets and property, plant and equipment	(1)	(2,367)
	15,589	**14,967**

	2016/17 DKK'000	2015/16 DKK'000
3. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	1,000	1,000
Extraordinary dividend distributed in the financial year	0	1,000
Retained earnings	15,546	24,300
	16,546	**26,300**

Notes to consolidated financial statements

4. Intangible assets	Completed develop-ment projects DKK'000	Acquired intangible assets DKK'000	Acquired licences DKK'000	Goodwill DKK'000
Cost beginning of year	9,174	789	2,586	95,758
Exchange rate adjustments	0	(1)	0	0
Additions	1,289	69	2,626	0
Cost end of year	**10,463**	**857**	**5,212**	**95,758**
Amortisation and impairment losses beginning of year	(4,055)	(169)	(149)	(8,421)
Impairment losses for the year	0	0	0	(465)
Amortisation for the year	(1,996)	(66)	(1,244)	(4,829)
Amortisation and impairment losses end of year	**(6,051)**	**(235)**	**(1,393)**	**(13,715)**
Carrying amount end of year	**4,412**	**622**	**3,819**	**82,043**

4. Intangible assets	Develop-ment projects in progress DKK'000
Cost beginning of year	3,824
Exchange rate adjustments	0
Additions	3,077
Cost end of year	**6,901**
Amortisation and impairment losses beginning of year	0
Impairment losses for the year	0
Amortisation for the year	0
Amortisation and impairment losses end of year	**0**
Carrying amount end of year	**6,901**

The capitalised development costs relate to the development of a new generation of products that will entail lower production costs and ensure that our new products comply with tightened regulatory requirements. The aim of the development project is to ensure that the Group's products remain leading in the market and that the market share remains high.

We expect the development projects to be completed in Q3 2019. See further details in the subsidiaries.

Notes to consolidated financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
5. Property, plant and equipment				
Cost beginning of year	35,762	23,742	2,580	0
Exchange rate adjustments	0	(624)	(26)	0
Transfers	0	(837)	293	543
Additions	586	2,596	0	418
Disposals	0	(710)	0	0
Cost end of year	**36,348**	**24,167**	**2,847**	**961**
Depreciation and impairment losses beginning of the year	(1,597)	(1,678)	(654)	0
Exchange rate adjustments	0	377	22	0
Transfers	33	20	(53)	0
Depreciation for the year	(1,691)	(4,705)	(488)	(106)
Reversal regarding disposals	0	635	0	0
Depreciation and impairment losses end of the year	**(3,255)**	**(5,351)**	**(1,173)**	**(106)**
Carrying amount end of year	**33,093**	**18,816**	**1,674**	**855**

Notes to consolidated financial statements

	Property, plant and equipment in progress DKK'000
5. Property, plant and equipment	
Cost beginning of year	0
Exchange rate adjustments	0
Transfers	0
Additions	1,499
Disposals	0
Cost end of year	**1,499**
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	**1,499**

	Deposits DKK'000
6. Fixed asset investments	
Cost beginning of year	107
Disposals	(107)
Cost end of year	**0**
Carrying amount end of year	**0**

	2016/17 DKK'000	2015/16 DKK'000
7. Contract work in progress		
Contract work in progress	425	1,057
Progress billings regarding contract work in progress	0	(736)
	425	**321**

8. Prepayments

Deferred income relates to sundry prepaid expenses, including insurance etc.

Notes to consolidated financial statements

	Instalments within 12 months 2016/17 DKK'000	Instalments within 12 months 2015/16 DKK'000	Instalments beyond 12 months 2016/17 DKK'000	Outstanding after 5 years DKK'000
9. Liabilities other than provisions				
Subordinate loan capital	0	0	14,913	0
Mortgage debts	742	728	9,325	6,288
Bank loans	23,057	0	9,000	0
Finance lease liabilities	551	537	1,699	0
	24,350	**1,265**	**34,937**	**6,288**

10. Short-term deferred income

Deferred income comprises payments related to sales in 2016/17, recognised as income in subsequent financial years as well as negative goodwill. Negative goodwill amounts to DKK 23,772k.

	2016/17 DKK'000	2015/16 DKK'000
11. Change in working capital		
Increase/decrease in inventories	(3,993)	(13,219)
Increase/decrease in receivables	10,656	11,423
Increase/decrease in trade payables etc	(3,413)	(7,691)
	3,250	**(9,487)**

	2016/17 DKK'000	2015/16 DKK'000
12. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**0**	**243**

	2016/17 DKK'000	2015/16 DKK'000
13. Contingent liabilities		
Recourse and non-recourse guarantee commitments	996	2,273
Contingent liabilities in total	**996**	**2,273**

14. Mortgages and securities

Bank debt is secured by way of a deposited mortgage deed registered to the mortgagor on property and plant of DKK 22,551k nominal.

The carrying amount of mortgaged properties amounts to DKK 33,093k.

Notes to consolidated financial statements

Balance with Nordea is secured by way of a deposited chattel mortgage deed registered to the mortgagor on plant and operating fixtures and equipment of DKK 1,700k nominal.

The carrying amount is DKK 7,774k attributable to plant and machinery of DKK 6,395k and other plants and operating fixtures and equipment of DKK 855k.

Balance with Nordea is secured by way of a deposited letter of indemnity (company charge) of DKK 12,000k nominal.

The company charge comprises operating equipment, inventories of raw materials and semi-manufacture, simple claims arising from sale of goods and services and goodwill, domain names, and rights according to the Patents Act, the Trademark Protection Act, the Designs Act, the Consolidate Utility Models Act, Consolidation act on Copyright and the Protection of the Topographies of Semiconductor Products Act.

The carrying amount of the asset comprised by the company charge amounts to DKK 96,230k and is attributable to property, plant and equipment DKK 590k, intangible assets DKK 13,918k, inventory DKK 57,194k, trade receivables DKK 24,528k and contract work in progress DKK 0.

	Registered in	**Corporate form**	**Equity interest %**
15. Subsidiaries			
Pres-Vac Engineering A/S	Allerød	A/S	100.0
Pres-Vac Marine Equipment Co. Ltd. in liquidation	Kina	Ltd.	100.0
Atlas Incinerators ApS	Vordingborg	ApS	100.0
Atlas Incinerators Invest ApS	Vordingborg	ApS	100.0
Atlas Incinerators (Ningbo) Co. Ltd. in liquidation	Kina	Ltd.	100.0
Gertsen & Olufsen A/S	Allerød	A/S	100.0
Heco International A/S	Hedensted	A/S	100.0
Heco China A/S	Hedensted	A/S	100.0
Seals Technology (Suzhou) Co. Ltd.	Kina	Ltd.	100.0

Parent income statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Gross loss		**(70)**	**(127)**
Income from investments in group enterprises		15,801	26,137
Other financial income from group enterprises		1,490	863
Other financial expenses		(450)	(527)
Profit/loss before tax		**16,771**	**26,346**
Tax on profit/loss for the year	1	(225)	(46)
Profit/loss for the year	2	**16,546**	**26,300**

Parent income statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Investments in group enterprises		112,599	97,939
Fixed asset investments	3	**112,599**	**97,939**
Fixed assets		**112,599**	**97,939**
Receivables from group enterprises		78,727	75,058
Income tax receivable		0	858
Receivables		**78,727**	**75,916**
Cash		**2**	**0**
Current assets		**78,729**	**75,916**
Assets		**191,328**	**173,855**

Parent balance sheet at 30.06.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Contributed capital	4	2,085	2,085
Reserve for net revaluation according to the equity method		49,279	34,619
Retained earnings		120,771	121,026
Proposed dividend		1,000	1,000
Equity		**173,135**	**158,730**
Subordinate loan capital	5	14,913	15,000
Non-current liabilities other than provisions		**14,913**	**15,000**
Payables to group enterprises		2,896	0
Income tax payable		259	0
Other payables		125	125
Current liabilities other than provisions		**3,280**	**125**
Liabilities other than provisions		**18,193**	**15,125**
Equity and liabilities		**191,328**	**173,855**

Claims of creditor subordinated to other creditors	6
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Parent statement of changes in equity for 2016/17

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	2,085	34,619	121,026	1,000
Ordinary dividend paid	0	0	0	(1,000)
Exchange rate adjustments	0	(1,141)	0	0
Profit/loss for the year	0	15,801	(255)	1,000
Equity end of year	**2,085**	**49,279**	**120,771**	**1,000**

	Total DKK'000
Equity beginning of year	158,730
Ordinary dividend paid	(1,000)
Exchange rate adjustments	(1,141)
Profit/loss for the year	16,546
Equity end of year	**173,135**

Notes to parent financial statements

	2016/17 DKK'000	2015/16 DKK'000
1. Tax on profit/loss for the year		
Tax on current year taxable income	213	46
Adjustment concerning previous years	12	0
	225	**46**

	2016/17 DKK'000	2015/16 DKK'000
2. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	1,000	1,000
Extraordinary dividend distributed in the financial year	0	1,000
Transferred to reserve for net revaluation according to the equity method	15,801	26,137
Retained earnings	(255)	(1,837)
	16,546	**26,300**

	Investment s in group enterprises DKK'000
3. Fixed asset investments	
Cost beginning of year	63,320
Cost end of year	**63,320**
Revaluations beginning of year	34,619
Exchange rate adjustments	(1,141)
Amortisation of goodwill	(2,612)
Share of profit/loss for the year	18,413
Revaluations end of year	**49,279**
Carrying amount end of year	**112,599**

Subsidiaries: Gertsen og Olufsen A/S, Allerød, equity interest 100%

	Number	Par value DKK'000	Nominal value DKK'000
4. Contributed capital			
A-aktier	1,694,913	1	1,695
B-aktier	390,000	1	390
	2,084,913		**2,085**

Notes to parent financial statements

5. Subordinate loan capital

Subordinate loans are subordinate to any existing bank debt within the Group, but is pari passu with the Group's non-subordinate and unsecured creditors.

	Amounts outstandin g DKK'000	Date of maturity
6. Claims of creditor subordinated to other creditors		
Loans from banks	14,913	07.04.2019
	14,913	

	2016/17 DKK'000	2015/16 DKK'000
7. Contingent liabilities		
Recourse and non-recourse guarantee commitments	48,595	87,136
Hereof contingent liabilities to group enterprises	**48,595**	**87,136**

8. Mortgages and securities

Bank debt concerning own and group enterprises is secured by way of a deposited investments in group enterprises.

The carrying amount of mortgaged shares amounts to DKK 112,599k.

9. Related parties with controlling interest

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:
Erhvervsinvest III K/S, Gentofte
G & O Finans A/S, Hørsholm

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

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

Accounting policies

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. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 20 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement
Gross profit or loss
Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income, cost of sales, cost of raw materials and consumables and external expenses.

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.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity’s primary activities, including rental income.

Accounting policies

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income
Other financial income comprises interest income, net capital gains on payables and transactions in foreign currencies.

Other financial expenses
Other financial expenses comprise interest expenses net capital losses on payables and transactions in foreign currencies.

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.

Accounting policies

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period is 20 years because goodwill is derevided of strategically acquired enterprises with a strong market position and a long-term earnings profile.

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

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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 and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

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, but over no more than 5 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.

Accounting policies

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	10-40 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5 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.

Items of 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 value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is 20 years.

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

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. 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 of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

Accounting policies

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 writedowns for bad and doubtful debts.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

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

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress.

Accounting policies

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.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable
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.

Deferred income
Deferred income comprises income received 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 loans.