DEVELOPING

LEADING

RESPECTING

DELIVERING

Norican Group

shaping industry

General meeting: 21.03.2017
Chairman at general meeeting: Ian B. Bird

2016 ANNUAL REPORT

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2016 Annual Report

Consolidated Financial Statements
31 December 2016
Together with Independent Auditor's Report

COMPANY
Norican Global A/S
Højager 8
DK-2630 Taastrup
Denmark

AUDITOR
Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S
Denmark

Norican Global A/S ("Norican" or the "Parent Company") through its subsidiaries (collectively "Norican Group" or the "Company") is the world's leading provider of technology and services to improve its customers' metallic parts, from the "parts formation" phase of a customer's operation to the "parts preparation" phase for cleaning, strengthening and polishing of the part. Norican accomplishes this through its DISA® and Wheelabrator® branded patented technology.

Everything we do is to support our customers' success. Abiding by set values is incredibly important to our business. These values set out how we do things. They are the principles that guide everything we do — how we speak to each other, how we plan for the future and how we treat our customers. We aim to provide our customers with the best technology available to increase their profitability; support them in their own time zone, language and currency; and create strong personal relationships to understand how we can serve them best. Where we lead, the industry follows. Through teamwork, we create personal relationships with our customers, supporting their success at every step. By working together, we deliver on the commitments we make, while exceeding the expectations we have set. Our pride in our work defines us. We are a team like no other, diverse and working around the globe. Each member is as important as the next — from the production line, to the front line, wherever we are in the world, whatever it is we do. We are proud of our employees, our products, and the value we bring to our customers and the market. We are United Through Pride.

NORICAN GROUP VALUE CHAIN

PARTS FORMATION

PRIMARY

Steel Production

Casting Mouldings

DISA shaping industry

SECONDARY

Machining

Forging

Cutting Stamping

PARTS PREPARATION

PROCESS

Precision Surface

Cleaning Strengthening Polishing

wheelabrator shaping industry

COATING

Thick Film

Thin Film

ASSEMBLY

END MARKETS

AEROSPACE & DEFENCE

ENERGY & SHIPYARD

AUTOMOTIVE & RAIL

FOUNDRY/ FORGE

INFRASTRUCTURE & CONSTRUCTION

GENERAL MANUFACTURING & STEEL FABRICATION

Norican Group operates within the industrial capital goods value chain. Our customers receive innovative, bespoke and standard technology solutions that allow them to lower their overall life cycle cost per unit produced. This, in turn, allows them to supply competitive products and solutions to their customers in the various end markets around the world.

FINANCIAL HIGHLIGHTS

Year Ended 31 December
(in thousands)

	2016	2015	Pro forma 2015	2014[3]	2013[3]	2012[3]
OPERATING DATA:						
Net revenue	**€ 375,509**	€ 350,711	€ 401,112 [1]	€ 361,362	€ 353,375	€ 406,670
Gross margin	**125,269**	116,880	134,496 [1]	119,763	116,622	132,951
EBITDA	**45,029**	44,786	49,342 [1]	45,127	42,959	50,803
Finance cost	**10,427**	8,091	11,428 [1]	18,806	18,220	18,524
Income before tax	**17,132**	12,294	18,481 [1]	10,757	4,454	20,906
Net income/(loss)	**16,507**	4,918	8,081 [1]	4,730	(2,528)	11,539
BALANCE SHEET DATA:						
Balance sheet total	**531,144**	522,371	522,371	417,103	406,157	435,700
Investments in property, plant and equipment	**4,551**	2,569	2,724 [1]	2,943	4,713	5,942
Total equity	**177,849**	160,856	160,856	20,126	13,218	8,013
CASH FLOW DATA:						
Cash generated from operations[2]	**45,508**	1,716	16,968 [1]	22,723	41,170	33,892
Net cash provided by/(used in) operations	**36,196**	(5,254)	7,165 [1]	9,166	26,414	20,637
Net cash used in investing activities	**(4,436)**	(65,760)	NMF [1]	(2,874)	(4,603)	(200)
Net cash (used in)/provided by financing activities	**(15,593)**	109,296	NMF [1]	(24,050)	(10,012)	(7,978)
Net increase/(decrease) in cash	**16,127**	39,971	(16,088) [1]	(14,109)	6,627	10,649

[1] Amounts are shown on a pro forma basis for the period from 1 January 2015 through 31 December 2015, which is the normal operating cycle and fiscal year for the operating company.
[2] Cash generated from operations excludes cash paid for interest.
[3] During 2015, Norican Global acquired Norican Holdings ApS ("Predecessor"). Figures presented for the years 2012 to 2014 are those of the Predecessor. The operating profile of Norican Global A/S is consistent with that of the Predecessor.

Results of operations for the year ended 31 December 2016, as compared to the pro forma year ended 31 December 2015

In order to provide a comparable basis of analysis, pro forma figures covering the full year 2015 of the acquired company, Norican Holdings ApS and its subsidiaries, are presented. The pro forma figures have been prepared based on the accounting principles of the Parent Company. Included in the pro forma 2015 figures is amortisation attributed to intangibles of Norican Holdings ApS for the period 1 January to 26 February 2015 and amortisation of intangibles corresponding to the purchase price allocation adjustments resulting from the Acquisition.

Norican Global reports net income of €16,507 for the year ended 31 December 2016 ("2016"), compared to pro forma net income of €8,081 for the period ended 31 December 2015 ("2015").

Revenue in 2016 of €375,509 is €25,603 lower than pro forma revenue in 2015 due to a decrease in revenue from equipment and aftermarket sales of €13,372 and €12,231, respectively. Fluctuations in currency translation rates decreased revenue by €4,209 during 2016, as compared to 2015 translation rates.

Operating costs before depreciation and amortisation in 2016 are €330,480, as compared to pro forma operating costs of €351,770 in 2015. Included in operating costs for 2016 and pro forma costs for 2015 is non-customer specific research and development ("R&D") expense of €4,919 and €4,973, respectively. An additional €1,595 and pro forma €2,136 of R&D cost is capitalised as an intangible asset for 2016 and 2015, respectively. R&D incurred on specific customer projects is expensed as incurred.

EBITDA of €45,029 in 2016 is €4,313 lower, as compared to the pro forma 2015 EBITDA, the result of lower sales volume. EBITDA as a percentage of sales remained consistent at 12.0% in 2016, as compared to 12.3% for pro forma 2015. Fluctuations in currency translation rates increased EBITDA by €101 during 2016, compared to 2015 translation rates.

Changes in foreign exchange rates on transactions in the different currencies in which we conduct business resulted in non-operating foreign exchange translation expense of €3,312 in 2016, compared to pro forma transaction income of €1,566 in 2015.

Results of operations for the pro forma year ended 31 December 2015, as compared to the Predecessor year ended 31 December 2014

Norican Global reports pro forma net income of €8,081 for the period ended 31 December 2015, compared to net income of the Predecessor of €4,730 for the year ended 31 December 2014 ("2014").

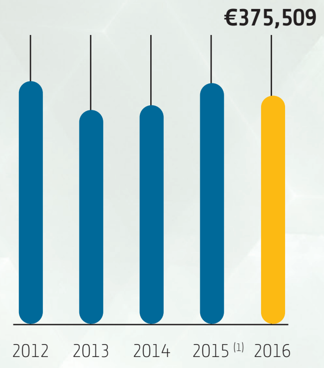
Pro forma revenue in 2015 of €401,112 is €39,750 higher than revenue of the Predecessor in 2014 due to an increase in revenue from equipment as well as aftermarket sales of €23,294 and €16,456, respectively. Fluctuations in currency translation rates increased pro forma revenue by €27,061 during 2015, as compared to revenue translated at 2014 translation rates.

Pro forma operating costs before depreciation and amortisation in 2015 were €351,770, as compared to the Predecessor operating costs of €316,235 in 2014. Included in pro forma operating costs for 2015 and Predecessor costs for 2014 is non-customer specific research and development ("R&D") expense of €4,973 and €4,590, respectively. An additional pro forma €2,136 and Predecessor €1,418 of R&D cost is capitalised as an intangible asset for 2015 and 2014, respectively. R&D incurred on specific customer projects is expensed as incurred.

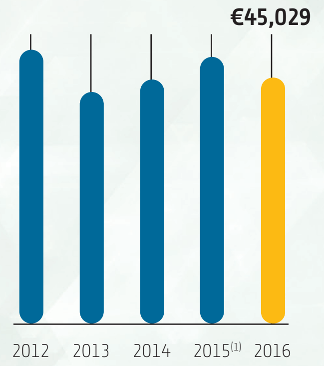
Pro forma EBITDA of €49,342 in 2015 is €4,215 higher, as compared to the 2014 Predecessor EBITDA resulting from higher sales volume. Pro forma EBITDA as a percentage of sales remains consistent at 12.3% in 2015, as compared to 12.5% for the Predecessor in 2014. Fluctuations in currency translation rates increased pro forma EBITDA by €2,843 during 2015, compared to 2014 translation rates.

Changes in foreign exchange rates on transactions in the different currencies in which we conduct business resulted in pro forma non-operating foreign exchange translation income of €1,566 in 2015, compared to Predecessor transaction expense of €2,632 in 2014.

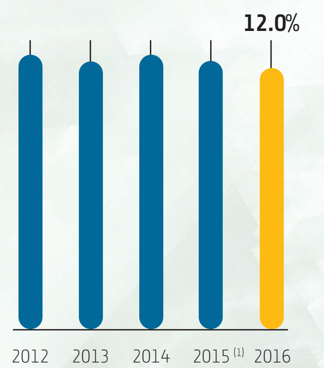
Revenues



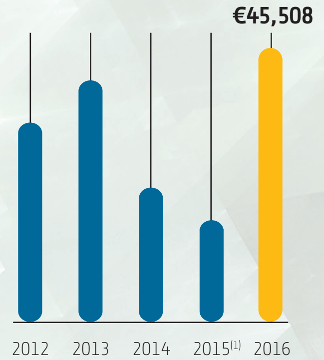
EBITDA



EBITDA %



Cash Generated From Operations



LETTER TO STAKEHOLDERS

Heading into 2016, we anticipated the economic contraction realised during the year and positioned ourselves to maintain both our solid operating cash flow and our double-digit operating margin. The result is a record-breaking €46 million of cash generated from operations for the year, once again demonstrating that our business thrives in varying economic environments.

In any economic environment, we know that we must continuously improve how we serve our customers and the marketplace in general. It is with our customers in mind that we spent the last part of 2016 updating our strategy for providing a more responsive, local service and a broader array of world-class innovation. The essence of our strategy update addresses each of these points, while at the same time, enabling the supply chain economies of scale and scope appropriate for an enterprise of our size.

To that end, we are getting back to the operating basics by focusing on implementing a standard and consistent lean methodology throughout the entire company. This journey started in 2016 within our major manufacturing sites in Europe and North America and will expand to India and Asia over the course of the next two years.

As with everything we set out to achieve, the success of this journey is predicated on the engagement and enthusiasm of the team. We believe there is no greater correlation to customer satisfaction than employee satisfaction. Today, Norican is made up of nearly 2,200 professional and dedicated men and women from across the globe. Our employee profiles range from undergraduate trainees to those with over 40 years of service with the Company. Accordingly, and in conjunction with our reflection on strategy, a great deal of thought went into ensuring that we understand what unites us as an organisation in order to reinforce that central theme. What came through loud and clear from this work is our collective sense of pride in what we do. This pride is the essence of who we are. From this insight, we launched our United Through Pride employee engagement initiative.

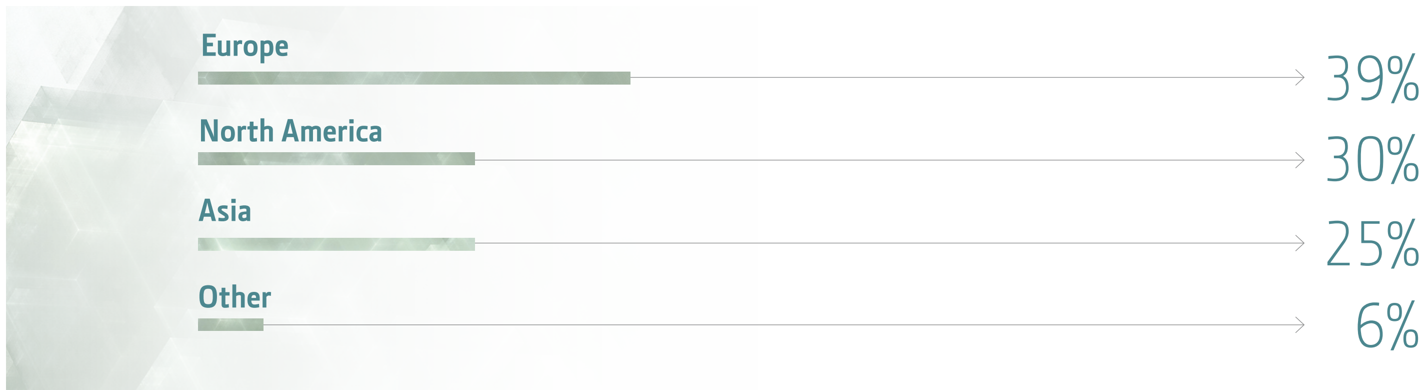
Our time of reflection also reconfirmed our approach to the market. As the leading technology provider in our industry, with a legacy spanning over 100 years, we will continue to shape our industry by actively reinforcing those cultural traits that have brought us to this point. Much of what we do and how we do it remains the same. A constant thread in our DNA, dating back as far as 1908, is a passion for innovation. We harness this passion through the development of next-generation standardised products and leading-edge engineer-to-order solutions. In addition to proactive partnering with our customers on their unique engineer-to-order requirements, during 2016 we matched our prior year record investment level of €7 million in broad-based research and development activities.

The most recent outcome of this targeted investment in innovation has been our successful launch of the C3 moulding machine. Purpose built for the Chinese market, this was a collaborative effort between our Danish technology centre, our Indian development centre and our Chinese manufacturing and sales organisation.

Andrew J. Matsuyama
Executive VP and CFO
Shareowner

Robert E. Joyce Jr.
President and CEO
Shareowner

Revenue by Destination



Vibratory Mass Finishing

Since the launch in 2015, we have delivered ten C3 machines in China and are on pace to more than double that figure in 2017.

New for 2016 is the introduction of Wheelabrator Vibro into the vibratory mass finishing market. We are now offering a fresh new alternative to the market with a comprehensive range of quality vibratory mass finishing products. With Wheelabrator Vibro, we are challenging tradition and providing customers with the benefits of reduced costs and the potential to improve finishes and productivity.

Our investments in 2017 will further accelerate the expansion of our world-class technical offer. In recognition of our automotive customers' continued emphasis on vehicle light-weighting, we are making a transformative addition to our parts formation business, bringing in aluminium die-casting and melting solutions. On 21 February 2017, we entered into a binding agreement for the purchase of StrikoWestofen, ItalPresse and Gauss businesses (LMCS Group). These three businesses more than double our revenue in the parts formation market and, when combined with DISA, result in an unmatched technology offer to the industry.

Employee Distribution

Europe	52%
North America	18%
Asia	30%

That said, the acquisition of LMCS Group is much more than simply a technology play. We have admired the StrikoWestofen, ItalPresse and Gauss businesses and their management teams for some time and view them as a natural fit within Norican Group. We share with LMCS Group a passion for innovation and have each been technology leaders in our respective markets for decades.

In summary, we appreciate the confidence demonstrated by our customers entrusting us with their business needs and that of our partners at Altor for supporting the acquisition of the LMCS Group.

Looking ahead, we are inspired by the possibilities for 2017 and beyond.

Sincerely,

Robert E. Joyce Jr.

Andrew J. Matsuyama

Capital Expenditure by Region

Europe	73%
North America	7%
Asia	20%

OUR MISSION:
why we exist

Exceeding customer expectations

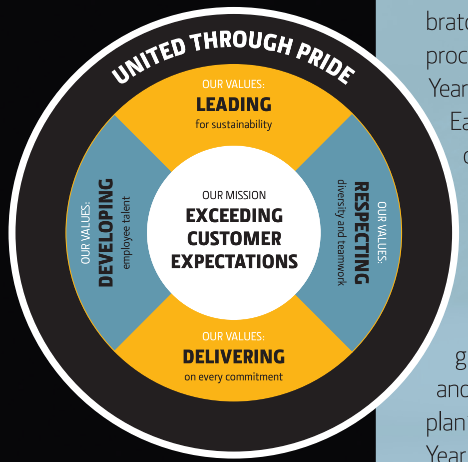
OUR VALUES:
What we stand for

Leading
for sustainability

Respecting
diversity and teamwork

Delivering
on every commitment

Developing
employee talent



MISSION AND VALUES

Code of Business Conduct and Ethics

Norican Group's code of conduct is an extension of the Company's values. In each jurisdiction in which the business operates, we comply with all applicable laws, rules and regulations. In the performance of our duties, we protect our shareholders' assets, our employees' health and welfare, and all stakeholders' confidential information.

Norican Group's interaction with its stakeholders is predicated on mutual respect, and we value each relationship. The Company competes vigorously and fairly, and requires our employees to avoid even the appearance of a conflict of interest. At Norican Group we value our employees and their workspace and we are good corporate citizens in our communities.

The Company's Code of Conduct requires each individual to follow the applicable laws, rules and regulations of every jurisdiction in which the Company operates. Furthermore, the Company's Code of Conduct prohibits discriminatory conduct under the laws of each jurisdiction in which we operate.

Corporate Social Responsibility

Leading for sustainability includes corporate social responsibility. The Company's ambition is for each gender to represent a minimum of 20 percent of the workforce. The Company strives towards achieving this ambition by recruitment, taking into account the industry in which Norican operates where the basis for candidates is predominantly male. Both male and female employees are encouraged to apply for internally advertised positions and to develop their competencies and careers. In all cases, we will employ the person best qualified for the job.

Currently, the Norican Board of Directors consists solely of male members. The ambition is to have at least one female member by 2019. This goal is established in light of the expected tenure of the existing directors.

Working to provide a more secure financial outcome for our employees is another aspect of Corporate Social Responsibility. Norican Group strives to achieve excellence in this area by exceeding the requirements and expectations of our employees with regard to employee benefits. We are therefore proud to announce that the Company's United States subsidiary, Wheelabrator Group Inc., is a finalist in the nomination process for (retirement) "Plan Sponsor of the Year" by the editors of PLANSPONSOR magazine. Each year in the United States, the editors of PLANSPONSOR magazine recognise leaders in retirement plan best practices. Generally, Plan Sponsor of the Year works to improve the retirement readiness of participants using innovative plan design features and participant education strategies, demonstrating impressive plan metrics, and focusing on ensuring the efficiency of their plan's administration. The Plan Sponsor of the Year annual award program recognises retirement plan sponsors that show a commitment to their participants' financial health and retirement success and Norican Group is proud to be counted amongst the finalists for the 2017 award.

There are also a number of governance policies directed towards creating a safe and healthy working environment internally while raising the level of awareness for external environmental and climatic considerations in business operations. As part of our core values, the Company has made a commitment to its employees that no employee should be injured in the performance of their duty. The Company translates its policies into action by introducing management systems and control systems as a follow-up on its working process. While there are no company-specific targets for climatic considerations, we comply with applicable laws, rules and regulations.

These aspects of corporate social responsibility are further enhanced by Norican Group's efforts to support the communities in which it operates. Highlights of the Company's investments in India provide a perfect example of this community support. Two programmes were fully implemented during 2015 and continued in 2016.

First, the "DISA Wheelabrator Scholarship" programme was established for the less privileged students studying in grade levels nine through twelve, as well as those seeking diplomas in engineering. The programme makes scholarships available to students attending eight educational institutions in the plant neighbourhoods of Tumkur and Hosakote in Bangalore, India. During 2016, 243 scholarships were provided to students. In addition, the Company invested in infrastructure development for the schools in order to provide drinking water tanks, display teaching aids, and school sanitation.

The second programme termed "DISA Career Excellence" involves contributions to an NGO: the Foundation for Excellence India Trust. This programme provides scholarships to students in engineering colleges spread across the state of Karnataka, and neighbouring states to a less privileged category of students. In 2016, 59 students were provided this scholarship.

STATEMENT BY BOARD OF DIRECTORS AND EXECUTIVE BOARD

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Norican Global A/S and its subsidiaries for the period from 1 January 2016 to 31 December 2016.

The Annual Report is presented in accordance with International Financial Reporting Standards as adopted by the European Union ("EU") and the disclosure requirements applying to Danish companies.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Company's and the Parent Company's financial position at 31 December 2016 and the results of their operations and cash flows for the period from 1 January 2016 to 31 December 2016.

In our opinion, the Management's Review includes a fair review of the development in the Company's and the Parent Company's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole for the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Company and the Parent Company face.

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

Taastrup, 8 March 2017

Executive Board:

Robert E. Joyce Jr., Chief Executive Officer

Andrew J. Matsuyama, Chief Financial Officer

Ian B. Bird, General Counsel

Board of Directors:

Søren Johansen, Chairman

Robert E. Joyce Jr., Director and Chief Executive Officer

David Hughes, Director

Jean Marc Lechêne, Director

Anders Lindqvist, Director

Thomas Kvorning, Director

Daniel Reimann, Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NORICAN GLOBAL A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Norican Global A/S for the financial year 1 January 2016 to 31 December 2016, which comprise the statements of operations, statements of comprehensive income, balance sheets, statements of changes in equity, cash flow statements and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 December 2016, and of the results of their operations and cash flows for the financial year 1 January 2016 to 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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.

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.

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 International Financial Reporting Standards as adopted by the EU and additional requirements of 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the 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.

Copenhagen, 8 March 2017
Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Henrik Hjort Kjelgaard
State-Authorised Public Accountant

Dan Bjerregaard
State-Authorised Public Accountant

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	Note	31 December 2016	31 December 2015
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	3	€ 56,098	€ 39,971
Trade and other receivables	4	62,044	64,851
Inventory	5	61,542	70,952
Other current assets		14,367	10,303
Total current assets		194,051	186,077
PROPERTY, PLANT AND EQUIPMENT	6	29,448	29,628
GOODWILL AND OTHER INTANGIBLE ASSETS	7	283,632	288,584
DEFERRED TAX ASSETS	17	21,878	15,468
OTHER NON-CURRENT ASSETS		2,135	2,614
TOTAL ASSETS		€ 531,144	€ 522,371
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade and other payables		€ 27,978	€ 23,730
Accrued liabilities and provisions	9	58,073	60,348
Deferred revenue		37,825	38,435
Current portion of long-term debt	10	22,284	26,579
Other current liabilities	17	4,394	2,381
Total current liabilities		150,554	151,473
LONG-TERM DEBT	10	139,266	148,500
PENSION AND OTHER LIABILITIES	8, 13	39,503	36,430
DEFERRED TAX LIABILITIES	17	23,972	25,112
EQUITY:			
Share capital	15	1,541	1,541
Other reserves	15	152,278	150,853
Retained earnings	15	20,646	4,600
Non-controlling interest	15	3,384	3,862
Total equity		177,849	160,856
TOTAL LIABILITIES AND EQUITY		€ 531,144	€ 522,371

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in Thousands)

	Note	1 January to 31 December 2016	11 December 2014 to 31 December 2015[1]	Pro Forma 1 January to 31 December 2015[2]
REVENUES		€ 375,509	€ 350,711	€ 401,112
COST OF SALES		250,240	233,831	266,616
GROSS MARGIN		125,269	116,880	134,496
OPERATING EXPENSES:				
Selling, general and administrative		84,788	75,906	89,682
Amortisation expense	7	7,108	5,877	7,005
Total operating expenses		91,896	81,783	96,687
OPERATING INCOME		33,373	35,097	37,809
NON-OPERATING EXPENSE:				
Finance costs	10	(10,427)	(8,091)	(11,428)
Restructuring charges	9	(408)	(1,502)	(1,502)
Foreign exchange	1	(3,312)	(5,349)	1,566
Transaction costs		(1,036)	(5,466)	(5,466)
Other		(1,058)	(2,395)	(2,498)
Total non-operating expense		(16,241)	(22,803)	(19,328)
INCOME BEFORE INCOME TAX		17,132	12,294	18,481
INCOME TAX EXPENSE	17	(625)	(7,376)	(10,400)
NET INCOME		€ 16,507	€ 4,918	€ 8,081
Net income attributable to the Parent		€ 16,046	€ 4,600	€ 7,597
Net income attributable to the non-controlling interest		€ 461	€ 318	€ 484

[1] Amounts are shown for the period from the inception of the Parent Company, 11 December 2014, to 31 December 2015, the first full operating period of the Parent Company and its consolidated subsidiaries following the acquisition of Norican Holdings ApS on 26 February 2015.

[2] Amounts are shown on a pro forma basis for the period from 1 January 2015 through 31 December 2015, which is the normal operating cycle and fiscal year for the acquired operating company, Norican Holdings ApS, and its subsidiaries. See note 1.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Note	1 January to 31 December 2016	11 December 2014 to 31 December 2015
COMPREHENSIVE INCOME:			
Items that will not be recycled subsequently to the income statement:			
Actuarial losses on pension benefit obligation, net of deferred tax of €290 and €573	13	€ (3,621)	€ (2,650)
Items that may be recycled subsequently to the income statement:			
Unrealised holding losses on derivatives designated as cash flow hedges, net of deferred tax of €77 and €347	8	(418)	(562)
Currency translation differences		5,301	4,786
Net income recognised directly in equity		1,262	1,574
Net income		16,507	4,918
COMPREHENSIVE INCOME		€ 17,769	€ 6,492
Comprehensive income attributable to the Parent		€ 17,308	€ 6,174
Comprehensive income attributable to the non-controlling interest		€ 461	€ 318

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Note	1 January to 31 December 2016	11 December 2014 to 31 December 2015
CASH FLOWS FROM OPERATIONS:			
Net income		€ 16,507	€ 4,918
Adjustments to reconcile net income to net cash from operations:			
Non-cash items:			
Foreign exchange	1	3,312	5,349
Depreciation	6	4,548	3,812
Amortisation of intangibles and debt issuance costs	7, 10	8,255	6,841
Restructuring charges and impairment	9	408	1,502
Deferred tax	17	(7,426)	(206)
Changes in working capital:			
Trade and other receivables	4	2,807	(10,634)
Trade and other payables		4,248	(6,021)
Inventory	5	9,410	3,949
Accrued liabilities and provisions	9	(1,133)	(3,522)
Deferred revenue		(610)	(12,496)
Other		(4,130)	1,254
Net cash from operations		36,196	(5,254)
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Acquisition of Norican Holdings ApS, net of cash acquired	2	–	(65,200)
Capital expenditures	6	(4,551)	(2,569)
Asset disposal proceeds		115	2,009
Net cash used in investing activities		(4,436)	(65,760)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of debt facilities, net		(8,817)	(54,950)
India share buyback		(763)	–
(Repayments)/borrowings of revolving credit facility		(6,000)	18,000
Debt issuance costs		–	(8,118)
Capital contribution		–	154,377
Dividend to non-controlling interest		(13)	(13)
Net cash from financing activities	10, 19	(15,593)	109,296
FOREIGN CURRENCY EFFECT ON CASH AND CASH EQUIVALENTS		(40)	1,689
NET INCREASE IN CASH		16,127	39,971
CASH, BEGINNING OF PERIOD		39,971	–
CASH, END OF PERIOD	3	€ 56,098	€ 39,971
Cash paid for interest, included in net cash from operations	10	€ 9,312	€ 6,970
Cash paid for income taxes, included in net cash from operations	17	€ 7,029	€ 8,782

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Report of Norican Global A/S ("Norican Global" or "Parent Company," formerly known as Naciron Holding A/S), a Danish company, and its subsidiary companies has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU, and additional Danish disclosure requirements applicable to reporting class C enterprises (large), including the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act.

Norican Global was formed on 11 December 2014 by Altor Fund IV Holding AB. On 26 February 2015, Norican A/S, a wholly owned subsidiary of the Parent Company, acquired Norican Holdings ApS and its subsidiary companies through the purchase of the entire share capital of Norican Holdings ApS, also a Danish company, pursuant to an agreement dated 18 December 2014 (the "Acquisition"). For its inaugural year, the consolidated financial statements of the Parent Company are presented for the period from the date of formation of the Parent Company, 11 December 2014, through 31 December 2015, the first full period of operations of the Parent Company (hereinafter referred to as the "Company"), including its consolidated subsidiaries, effective with the acquisition of Norican Holdings ApS as of 26 February 2015. Pro forma comparative amounts are shown in the statements of operations for the period from 1 January 2015 to 31 December 2015 which is the normal operating cycle and fiscal year for the acquired company, Norican Holdings ApS.

The consolidated financial statements are presented in euros, as this is the major currency in which revenues and capital transactions are denominated.

The principal accounting policies adopted are set out below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company, its wholly owned subsidiaries and its majority owned Indian subsidiary. All intercompany balances and transactions have been eliminated in consolidation. The interest of non-controlling shareholders is stated at the non-controlling shareholders' proportion of the respective entity's identifiable assets, liabilities and contingent liabilities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Company.

In order to provide a comparable basis of analysis, pro forma comparative figures covering the full year 2015 of the acquired company, Norican Holdings ApS and its subsidiaries, are presented on the consolidated statements of operations. The pro forma figures have been prepared based on the accounting principles of Norican Global A/S. Included in the pro forma 2015 figures is amortisation attributed to intangibles of Norican Holdings ApS for the period 1 January to 26 February 2015 and amortisation of intangibles corresponding to the purchase price allocation adjustments resulting from the Acquisition.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an initial maturity of three months or less to be cash equivalents. The carrying values of the Company's cash equivalents approximate their fair values at 31 December 2016.

Trade Receivables

Trade receivables are measured at fair value and subsequently at amortised cost, less adjustments for doubtful receivables. Adjustments for doubtful receivables are calculated based on historical experience and by reviewing individual receivable balances, taking into account contractual terms, payment history and other available evidence of whether the receivable is collectible. Receivable balances are written off only when there is no prospect of any further collections.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overhead costs that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in, first-out ("FIFO") method, or a method that approximates the use of the FIFO method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event that it is probable will result in an outflow of economic benefits that can be reasonably estimated. Provisions for restructuring costs are recognised when the Company has a detailed formal restructuring plan and the plan has either been announced or has commenced.

The Company warrants its products against certain manufacturing and other defects. These product warranties are generally provided for a period of one year but may vary depending on the nature of the product, the geographic location of its sale and other factors. The accrued product warranty costs are based on historical experience of actual warranty claims as well as current information on repair costs. Where some or all of the expenditure required to settle a claim is expected to be reimbursed by another party, the reimbursement is recognised only when reimbursement is virtually certain. The amount to be reimbursed is recognised as a separate asset.

Property, Plant and Equipment

Property, plant and equipment are stated at cost if purchased, or fair value as of the acquisition date if obtained in an acquisition. Depreciation on property and equipment is calculated on the straight-line method over 20 to 50 years for buildings and improvements and three to ten years for equipment and other.

Additional costs, which extend the useful life of the property, plant and equipment, are capitalised and depreciated over the revised remaining useful life of the asset. Maintenance and repair costs are charged to expense as incurred. Upon the sale or retirement of an asset, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is recognised. Residual value is determined using estimates of the asset value when fully depreciated.

Financial Instruments

Financial instruments of the Company consist primarily of cash and cash equivalents, accounts receivable, prepaid and other current assets, accounts payable and accrued liabilities. The carrying amounts of such instruments are considered to be representative of their respective fair values due to the short-term maturity of the instruments.

Financial Debts

Financial debts are initially recognised at the amount of proceeds received. Finance charges are accounted for on an accrual basis and are included in accrued liabilities to the extent that they are not settled in the period in which they arise, with premiums payable on settlement or redemption included in financial debts. Financial debts are classified as non-current if there is an unconditional right to defer payments beyond one year; otherwise they are classified as current.

Derivative Financial Instruments

Derivative financial instruments are recorded at fair value. Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in equity until the hedged cash flow materialises. Amounts initially recognised in equity are released to the statement of operations in the same period in which the hedged transactions (cash flows) affect the statement of operations. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of operations as they arise.

Debt Issuance Costs

Debt issuance costs are included in the value of debt and are amortised using a method that approximates the effective interest rate method over the term of the underlying credit facility or note.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable net assets acquired in a business combination. Goodwill is recognised as an asset and is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. On disposal of a subsidiary, the amount attributable of unamortised goodwill that has not been subject to impairment is included in the determination of the gain or loss on disposal.

Intangible assets other than goodwill are valued at cost less accumulated amortisation and any impairment losses. Trademarks have been assigned an indefinite useful life. Capitalised development costs are amortised on a straight-line basis over a six-year useful life. Customer relationships, patents and other intangibles are amortised on a straight-line basis over a 10-to 20-year useful life. Costs for acquired assets represent the purchase price at acquisition.

Impairment of Non-Current Assets

Non-current assets are tested for impairment in accordance with IAS 36 and are reviewed annually to determine whether events or changes in conditions indicate that the carrying amount of the asset may not be recoverable. If any such indication exists, the Company estimates the asset's recoverable amount as the higher of the asset's fair value less selling costs and value-in-use, which is the present value of the cash flows expected from the asset's use and eventual disposal. If necessary, an impairment loss is recorded in the statement of operations to the extent that the carrying amount of the asset exceeds its recoverable amount.

Revenue Recognition

Revenue from product sales is generally recognised upon shipment of products, provided there are no significant uncertainties regarding customer acceptance, persuasive evidence of an arrangement exists, the sales price is fixed and determinable, and it is probable that the sale is collectible. Allowances for returns, discounts and uncollectible accounts are recorded at the time of sale. Amounts billed to customers for shipping and handling are included in net sales and are recorded upon shipment of goods to customers. Costs of providing these services are included in cost of sales.

For large engineered systems (capital equipment), revenue is recognised following shipment, which is generally after the Company has demonstrated that the equipment meets the customer's specifications. Capital equipment sales generally require the customer to make advance cash payments as work progresses. Revenue associated with advance payments is recognised upon delivery and when ownership and risk of loss have passed to the customer.

Service revenues are recognised in the period in which the services are performed.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Foreign Currencies

Transactions in foreign currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. In order to hedge its exposure to certain foreign exchange risks, the Company enters into forward contracts. Gains and losses arising on exchange are included in net income for the period. Monetary assets and liabilities denominated in foreign currencies other than the functional currency are retranslated at the rates prevailing on the balance sheet date.

On consolidation, the assets and liabilities of the Company's operations are translated into presentation currency (euros) at the exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period.

Where loans are made between two subsidiaries with different functional currencies, currency translation differences arise in one or both subsidiaries. In accordance with IAS 21, currency translation differences for intercompany loans that are not considered part of the investment in subsidiaries are recognised in net income. Amounts are presented within non-operating expense.

Retirement Benefit Costs

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with valuations carried out at each balance sheet date in accordance with International Accounting Standard 19, Employee Benefits. Actuarial gains and losses are recognised immediately in other comprehensive income as they are incurred.

The pension liability recognised in the balance sheet represents the present value of defined benefit obligations and is reduced by the fair value of plan assets. If benefit plan membership or benefits are significantly reduced by a restructuring, or an event or transaction that results in the Company's benefit obligations being settled, the effects are recorded in the statement of operations when the restructuring or settlement occurs.

Research and Development

Where expenditures relate to the development of research findings, or other knowledge, for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use, they are generally capitalised. Costs related to a specific customer and research and development expenditures not yet in the application phase are expensed as incurred.

Development expenditures of €1,595 and €1,896 were capitalised as intangible assets for the year ended 31 December 2016 and in the period from 11 December 2014 to 31 December 2015, respectively. Additional costs not related to specific customer orders of €4,919 and €4,037 were expensed for the year ended 31 December 2016 and for the period from 11 December 2014 to 31 December 2015, respectively.

Income Taxes

Income taxes for the year comprise current and deferred tax, using rates enacted or substantively enacted at the balance sheet date.

Current tax is the expected tax payable on the taxable income for the year and any adjustments to tax payable in respect of previous years. Deferred taxes are provided for the difference between asset and liability carrying amounts for financial reporting purposes and their tax basis. A valuation allowance is provided against deferred tax assets if realisation is not assured on a probable basis. The Company's tax provision or benefit includes a provision for taxes currently payable or receivable plus the change in deferred taxes for the period. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net tax basis.

Business Combinations

Newly acquired or newly established companies and activities are recognised in the consolidated financial statements from the date of acquisition or establishment. The date of acquisition is the date when control of the company or activity actually passes to the Group. Acquisitions are accounted for using the purchase method, according to which the identifiable assets, liabilities and contingent liabilities of companies acquired are measured at fair value at the date of acquisition. Non-current assets held for sale are, however, measured at fair value less expected costs to sell.

The cost of a company or activity is the fair value of the consideration paid. If the final determination of the consideration is conditional on one or more future events these are recognised at their fair value as of the acquisition date. Any excess of the cost of an acquired company or activity over the fair value of the acquired assets, liabilities and contingent liabilities is recognised as goodwill and tested for impairment at least annually. Restructuring costs are only recognised in the take-over balance sheet if they represent a liability to the acquired company. The tax effect of revaluations is taken into account.

Costs that can be attributed directly to the transfer of ownership are recognised in the income statement when they are incurred. Adjustments to estimates of conditional consideration are generally recognised directly to the statement of operations.

If uncertainties regarding the measurement of acquired identifiable assets, liabilities, contingent liabilities or the consideration for the business combination exist at the acquisition date, initial recognition takes place on the basis of preliminary fair values. If identifiable assets, liabilities, contingent liabilities and the consideration for the business combination are subsequently determined to have had a different fair value at the acquisition date than first assumed, goodwill is adjusted up until 12 months after the acquisition date. The effect of the adjustments is recognised in the opening equity, and the comparative figures are restated accordingly. Goodwill is not adjusted subsequently except in the event of material errors.

Sold or wound up enterprises are excluded from consolidation at the date of transfer of the control of the enterprise. The date of disposal is the date when control of the company actually passes to a third party.

Non-controlling Interests

On initial recognition, non-controlling interests are measured either at fair value (including the fair value of goodwill related to non-controlling interests in the acquiree) or as non-controlling interests' proportionate share of the acquiree's identifiable assets, liabilities and contingent liabilities measured at fair value (excluding the fair value of goodwill related to non-controlling interests' share of the acquiree). The measurement basis for non-controlling interests is selected for each individual transaction.

Use of Estimates

Management of the Company has made a number of estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in the preparation of these consolidated financial statements in conformity with IFRS. Actual results could differ from those estimates.

Effect of New Accounting Standards

Norican Group has adopted all new, amended or revised accounting standards and interpretations as published by the IASB and adopted by the EU effective for the accounting period beginning on 1 January 2016.

Effect of New Accounting Standards not yet in Force

Revised or new standards and interpretations issued, but not yet effective or approved by the EU at the time of publication of this Annual Report, have not been included in this Annual Report.

Issued in May 2014 and endorsed by the EU in 2016, IFRS 15, Revenue from Contracts with Customers, establishes a single comprehensive model for entities to be used in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18, Revenue, and related interpretations when it becomes effective. The amounts reported and disclosed by the Group are not expected to change as a result of adoption of IFRS 15. The standard is expected to be effective beginning on or after 1 January 2018. Earlier recognition may apply as it is highly probable that no significant reversal of the revenue will occur.

Issued in January 2016, IFRS 16, Leases, requires lessees to recognise nearly all leases on the balance sheet. Management has not yet evaluated the expected future impact on the amounts reported and disclosed by the Group from the application of IFRS 16. IFRS 16 is expected to take effect on 1 January 2019.

Significant Accounting Estimates

Post-Employment Benefits

The assumptions used to measure the expense and liabilities related to the Company's defined benefit pension plans are reviewed annually by external actuaries. The measurement of the expense for a period and of the benefit obligation at the period end requires judgement with respect to the following matters, among others: probable long-term rate of increase in pensionable pay; probable average future service lives of employees; probable life expectancy of employees; mix of investments in funded pension plans in the period; expected future rate of return on the investments in the funded pension plans, and how that rate will compare with the market rates of return observed in past economic cycles. Assumptions used to value the benefit obligation at 31 December are updated based on actual experience when appropriate. Variances are caused principally by external financial market movements in corporate bond yields used to benchmark the discount rate, and in asset prices that affected the actual return on assets. These factors are outside the Company's direct control, and it is reasonably possible that future variances could exceed past variances. See note 13.

Deferred Tax Assets

Tax losses are recognised as deferred tax assets when it becomes probable that they will be utilised in the future. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or in which tax losses can be utilised. In making this assessment, the Company considers the scheduled reversal of deferred tax liabilities and projected future taxable income.

Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, as of 31 December 2016, the Company believes that it is more likely than not that the Company will realise the benefits of these deductible differences. The amount of the deferred tax asset considered realisable could be reduced in subsequent years if estimates of future taxable income during the carryforward period are reduced, or rulings by the tax authorities are unfavourable. Estimates are therefore subject to change due to both market and government related uncertainties, as well as the Company's own future decisions. See note 17.

Tax Positions

The Company's policy is to comply fully with applicable tax regulations in all jurisdictions in which the Company's operations are subject to income taxes.

The Company's estimates of current income tax expense and liabilities are calculated on the assumption that all tax computations filed by the Company's subsidiaries will be subject to review or audit by the relevant tax authorities. Current income tax liabilities include the Company's best estimate of the tax that will ultimately be payable when the review or audits have been completed. Actual outcomes and settlements may differ significantly from the estimates recorded in these consolidated financial statements. This may affect income tax expense, net income, and effective tax rates in future years' consolidated statement of operations. Several prior years' tax computations are still open for review or audit by the tax authorities for most of the Company's subsidiaries at the balance sheet date. The Company's estimates of income tax expense and liabilities at each year end include management judgements about the eventual outcome of the reviews and audits of all open years based on the latest information available about the positions taken by each tax authority. See note 17.

Goodwill Impairment Test

The assessment of whether goodwill is impaired requires a determination of the value in use of the cash-generating units to which the goodwill amounts have been allocated. The determination of the value in use requires estimates of the expected future cash flows of each cash-generating unit and a reasonable discount rate.

The impairment test of goodwill and the associated particularly sensitive factors and sensitivity analyses are described in note 7 to the consolidated financial statements.

Purchase Price Allocation in Business Combinations

In connection with allocation of the purchase price in business combinations, calculations are made of fair value of acquired assets and liabilities. As this determination is based on expected future cash flows related to the assets and liabilities acquired, the realisation of such cash flows as anticipated is subject to an inherent uncertainty. See note 2.

2. ACQUISITIONS

On 26 February 2015, Norican A/S, a wholly owned subsidiary of the Parent Company, acquired Norican Holdings ApS and its subsidiary companies through the purchase of the entire share capital of Norican Holdings ApS. The acquisition price was allocated to the assets and liabilities based on their respective fair values as of the date of the purchase as follows:

Current assets	€ 208,907
Property, plant and equipment	31,556
Intangible assets	170,543
Other	16,731
Total assets acquired	427,737
Current liabilities	(146,680)
Long-term debt	(217,149)
Other	(46,257)
Total liabilities assumed	(410,086)
Net assets acquired	€ 17,651

Current assets acquired as of 26 February 2015 include accounts receivable of €54,207, inventory of €86,131 and other assets of €6,474. Intangible assets included in the purchase price allocation include €47,724 attributed to customer relationships (20-year useful life), €32,844 attributed to trademarks (indefinite useful life), €22,059 attributed to patents (ten-year useful life), and €20,042 attributed to other.

3. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and in banks and investments in money market instruments totaling €56,098 and €39,971 at 31 December 2016 and 2015, respectively. The Company maintains cash deposits related to certain of its performance obligations for the manufacturing, delivery and installation of capital equipment sales. At 31 December 2016 and 2015, the amount of €598 and €2,224 was posted as cash bonds, respectively, and is included in cash and cash equivalents on the Company's balance sheet.

4. TRADE AND OTHER RECEIVABLES

Trade accounts receivable includes other receivables of €466 and €499 at 31 December 2016 and 2015, respectively. The movement in allowance for doubtful accounts is as follows:

	1 January 2016 to 31 December 2016	11 December 2014 to 31 December 2015
Balance at beginning of period	€ 3,361	€ —
Acquisition of Norican Holdings ApS	—	3,514
Changes in provisions during the year	(131)	(217)
Currency translation	(64)	64
Balance at end of period	€ 3,166	€ 3,361

The Company has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

5. INVENTORY

Inventories, net of provisions, consist of the following at 31 December:

	2016	2015
Raw material	€ 7,741	€ 6,564
Work-in-process	21,886	29,665
Finished goods	31,915	34,723
Total	€ 61,542	€ 70,952

Cost of goods sold represents the Company's cost of inventory and related production costs. Norican uses a standard costing methodology for allocating costs of production to inventory.

6. PROPERTY, PLANT AND EQUIPMENT

	Land, Buildings and Improvements	Equipment and Other	Total
Cost:			
Balance at 11 December 2014	€ —	€ —	€ —
Acquisition of Norican Holdings ApS	34,751	58,891	93,642
Additions	228	2,341	2,569
Disposals	(1,228)	(2,129)	(3,357)
Currency translation	367	(4)	363
Balance at 31 December 2015	34,118	59,099	93,217
Additions	764	3,787	4,551
Disposals	(13)	(2,031)	(2,044)
Currency translation	2	(43)	(41)
Balance at 31 December 2016	€ 34,871	€ 60,812	€ 95,683
Accumulated Depreciation:			
Balance at 11 December 2014	€ —	€ —	€ —
Acquisition of Norican Holdings ApS	(16,436)	(45,650)	(62,086)
Depreciation expense	(883)	(2,929)	(3,812)
Disposals	408	2,114	2,522
Currency translation	(211)	(2)	(213)
Balance at 31 December 2015	(17,122)	(46,467)	(63,589)
Depreciation expense	(991)	(3,557)	(4,548)
Disposals	13	1,926	1,939
Currency translation	(71)	34	(37)
Balance at 31 December 2016	€ (18,171)	€ (48,064)	€ (66,235)
Carrying amount at 31 December 2015	€ 16,996	€ 12,632	€ 29,628
Carrying amount at 31 December 2016	€ 16,700	€ 12,748	€ 29,448

7. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Other[1]	Total
Cost:			
Balance at 11 December 2014	€ —	€ —	€ —
Acquisition of Norican Holdings ApS	171,220	122,669	293,889
Additions	—	1,896	1,896
Currency translation	(29)	363	334
Balance at 31 December 2015	171,191	124,928	296,119
Additions	79	1,595	1,674
Currency translation	337	382	719
Balance at 31 December 2016	€ 171,607	€ 126,905	€ 298,512
Accumulated Amortisation:			
Balance at 11 December 2014	€ —	€ —	€ —
Acquisition of Norican Holdings ApS	—	(1,454)	(1,454)
Amortisation expense	—	(5,877)	(5,877)
Currency translation	—	(204)	(204)
Balance at 31 December 2015	—	(7,535)	(7,535)
Amortisation expense	—	(7,108)	(7,108)
Currency translation	—	(237)	(237)
Balance at 31 December 2016	€ —	€ (14,880)	€ (14,880)
Carrying amount at 31 December 2015	€ 171,191	€ 117,393	€ 288,584
Carrying amount at 31 December 2016	€ 171,607	€ 112,025	€ 283,632

[1] The gross (and net) carrying values of intangibles other than goodwill consists of customer relationships €48,083 (€43,351), patents €22,183 (€18,646), trademarks €33,074 (€33,074) and other €23,565 (€16,954) at 31 December 2016. The gross (and net) carrying values of intangibles other than goodwill consists of customer relationships €47,908 (€45,912), patents €22,120 (€20,459), trademarks €32,962 (€32,962) and other €21,938 (€18,060) at 31 December 2015.

Goodwill is tested for impairment at least annually. The results of the 2016 analysis did not identify a need to impair goodwill as of 31 December 2016. In the impairment test, applying a 12% estimated weighted average cost of capital, the discounted value of future net cash flows are compared with the carrying amounts of goodwill and other net assets. Future cash flows are based on a forecast for the next five years at a terminal value assuming 3% growth. Projections included in the forecast are based on general parameters, such as expected market growth, selling prices and profitability assumptions. Company units are integrated, and management considers the overall business as two cash-generating units.

8. DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of derivative financial instruments included in other long-term liabilities consist of interest rate swap cash flow hedges of €1,989 and €1,501 at 31 December 2016 and 2015, respectively. The fair value of the interest rate swaps are classified based on the maturity of the contracts at 31 December. The interest rate swaps are used to manage exposure to interest rate movements on a significant portion of the Company's bank borrowings, with nominal values totaling €111,275 and €111,083 at 31 December 2016 and 2015, respectively. The interest rate swaps mature in June 2020. The fixed interest rates vary from 0.5% to 1.8%, and the primary floating rates are Euribor and LIBOR. All of the interest rate swaps are designated and effective as cash flow hedges, and the fair value thereof has been deferred in equity. The fair value of derivatives is determined based on observable market data using generally accepted methods (level 2 in the fair value hierarchy).

9. ACCRUED LIABILITIES AND PROVISIONS

Provisions included in accrued liabilities and provisions on the balance sheet include the following:

	1 January 2016 to 31 December 2016	11 December 2014 to 31 December 2015
Warranty		
Balance at beginning of period	€ 6,943	€ —
Acquisition of Norican Holdings ApS	—	6,933
Additional provisions	3,221	2,271
Reductions through payments	(2,842)	(2,199)
Foreign exchange adjustment	41	(62)
Balance at end of period	€ 7,363	€ 6,943
Restructuring		
Balance at beginning of period	€ 1,502	€ —
Acquisition of Norican Holdings ApS	—	167
Additional provisions	408	1,502
Reductions through payments	(1,606)	(170)
Foreign exchange adjustment	15	3
Balance at end of period	€ 319	€ 1,502

10. BORROWINGS

Borrowings at amortised cost consist of the following at 31 December:

	2016	2015
Senior financing	€ 167,229	€ 181,965
Other	269	229
	167,498	182,194
Debt issuance costs	(5,948)	(7,115)
	€ 161,550	€ 175,079

Of the borrowings outstanding at 31 December 2016, 63% were denominated in euros, 32% in US dollars and 5% in pounds sterling.

Senior Credit Facility

Effective 24 February 2015, in conjunction with the Acquisition, the Company entered into a financing agreement, as amended on 30 June 2016 and amended and restated on 25 September 2015 (the "Senior Credit Facility"), which provides a revolving credit facility and a term loan facility. The revolving credit facility provides a €50,000 commitment. The term loan facility provides an aggregate commitment of €165,000 with two tranches, tranche A of €66,000 and tranche B of €99,000. Interest on the facilities is variable and ranges from 3.5% to 4.4% at 31 December 2016. Scheduled repayments began 30 September 2015 and continue through the maturity of the facility. Tranche A of the term loan terminates six years after the first utilisation, and tranche B terminates seven years after the first utilisation. The credit facilities are secured by substantially all worldwide assets of the Company. Balances reported include the effect of foreign currency translation differences. The Company was in compliance with its financial covenants at 31 December 2016.

The Company estimates that the amortised cost of the facility represents the fair value of the facility at 31 December 2016. The Company has entered into interest rate swaps to manage its exposure to interest rate movements on a significant portion of its borrowings. See note 8.

Scheduled repayments of the Company's borrowings are as follows at 31 December:

	2016	2015
Within one year	€ 22,284	€ 26,579
Between two and five years	45,066	29,637
After five years	100,148	125,978
Total	€ 167,498	€ 182,194

Net finance cost of €10,427 includes interest expense and amortisation of debt issuance costs of €9,280 and €1,147, respectively, for the year ended 31 December 2016. Net finance cost of €8,091 includes interest expense and amortisation of debt issuance costs of €7,126 and €965, respectively, for the period from 11 December 2014 to 31 December 2015.

11. COMMITMENTS

Lease Commitments

The Company leases certain facilities and equipment under various non-cancellable long-term and month-to-month leases accounted for as operating leases.

Future minimum rental payments under non-cancellable operating leases are as follows at 31 December:

	2016	2015
Not later than one year	€ 4,496	€ 4,220
Later than one year and not later than five years	11,917	11,988
Later than five years	9,391	11,590
Total	€ 25,804	€ 27,798

Lease expense for the year ended 31 December 2016 and for the period from 11 December 2014 to 31 December 2015 is €6,515 and €6,240, respectively.

12. LITIGATION

Silicosis

Subsidiaries of the Company in the United States have been named in various cases involving alleged exposure to silica by employees of its customers. In accordance with the terms of the Silicosis Litigation Management and Indemnification Agreement (the "Indemnity"), Water Application & Systems Corp. (formerly known as United States Filter Corp.) is liable for all silicosis claims arising from equipment or product sales prior to 19 August 2003 for subsidiaries of WGH Holding Corp. ("WGH") at that date. With respect to claims against non-United States subsidiaries of WGH at that date, the Indemnity continues until 19 August 2018. With respect to those United States subsidiaries of WGH, the Indemnity is not limited in time. There are no claims at present for exposure related to non-United States subsidiaries for equipment sales subsequent to 19 August 2003.

Other Claims

The Company has been named in litigation arising in the ordinary course of business. In the opinion of legal counsel and management, the Company has meritorious defences against such claims and is covered by insurance and has reserves to cover self-insured retentions for any material adverse outcome in most claims. For claims for which insurance coverage may not be available, the Company has established reserves deemed adequate to cover possible adverse outcomes and related fees. As a result, these cases are not expected to have a significant negative impact on future results of operations or the financial condition of the Company.

13. BENEFIT PLANS

The Company's pension plan benefit obligations consist of multiple plans which provide benefits to employees of operations in Switzerland, United Kingdom, Germany, United States and India which have largely similar risk profiles.

The following table sets forth the significant components of the Company's pension plan benefit obligations, fair value of plan assets and funded status for the periods presented.

	1 January 2016 to 31 December 2016	11 December 2014 to 31 December 2015
Change in Benefit Obligation		
Benefit obligation at beginning of period	€ 148,970	€ —
Acquisition of Norican Holdings ApS	—	138,441
Service cost	1,074	1,402
Interest cost	3,129	3,259
Plan participants' contributions	560	640
Actuarial loss	12,512	2,829
Benefits paid	(7,357)	(6,480)
Plan curtailment	600	—
Impact of foreign currency changes	(7,773)	8,879
Benefit obligation at end of period	€ 151,715	€ 148,970
Change in Plan Assets		
Fair value of plan assets at beginning of period	€ 115,098	€ —
Acquisition of Norican Holdings ApS	—	107,548
Actual return on plan assets	10,505	2,019
Company contributions	1,459	1,472
Participant contributions	560	640
Benefits paid and expenses	(6,763)	(5,865)
Other	4	—
Impact of foreign currency changes	(5,335)	9,284
Fair value of plan assets at end of period	€ 115,528	€ 115,098
Accrued benefit liability per balance sheet at end of period	€ 36,187	€ 33,872
Of which arising from:		
Funded plans	€ 27,749	€ 25,120
Unfunded plans	€ 8,438	€ 8,752

The Company's estimate of employer contributions to be paid to defined benefit plans for the year ended 31 December 2017 is €1,946. Actual payments could differ materially from this estimate if any new funding regulations or laws are enacted or due to changes in business and market conditions during 2017.

The fair values of the assets of the Company's defined benefit pension plans are as follows at 31 December:

	2016		2015	
	Fair Value	%	Fair Value	%
Equities	€ 37,853	33%	€ 44,946	39%
Property	26,271	23%	26,063	23%
Bonds	39,852	34%	35,657	31%
Other assets	11,552	10%	8,432	7%
Fair value of assets	€ 115,528	100%	€ 115,098	100%

The plan assets do not include any assets used by the Company or any shares in the Company.

Principal actuarial assumptions, expressed as weighted averages and components of net periodic pension cost, are as follows at 31 December:

	2016	2015
Benefit cost:		
Discount rate	1.8%	2.9%
Expected return on plan assets	1.8%	2.2%
Rate of compensation increase	2.1%	2.3%
Benefit obligation:		
Discount rate	1.6%	2.2%
Rate of compensation increase	1.8%	1.7%
Future pension increase	1.2%	1.2%
Components of net periodic pension cost:		
Service cost	€ 1,074	€ 1,402
Interest cost	3,129	3,259
Expected return on plan assets	(2,279)	(2,486)
Net periodic pension cost	€ 1,924	€ 2,175

Accumulated actuarial losses included in the statement of comprehensive income are as follows:

	1 January 2016 to 31 December 2016	11 December 2014 to 31 December 2015
Balance at beginning of period	€ (2,402)	€ —
Actuarial (losses)/gains for the year, net of deferred tax	(3,621)	(2,650)
Currency translation	972	248
Balance at end of year	€ (5,051)	€ (2,402)

Norican Group, through its Swiss subsidiary, participates in the Pensionskasse Georg Fischer and Durach-Stiftung (together, the "Georg Fischer Plan"), which are separate legal entities. The Georg Fischer Plan Foundation is responsible for the governance of the plan, and the governance board is composed of an equal number of representatives from the employers and employees chosen from all affiliated companies. The Swiss pension accrued benefit liability is €10,580 and €8,818 as of 31 December 2016 and 2015, respectively.

14. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Foreign Exchange Risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Indian rupee and the Chinese renminbi. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations. The Company's individual subsidiaries predominately transact their operational activities in their respective functional currencies. However, the global nature of the business leads to transactional risk at the balance sheet date. This arises because the amount of local currency received or paid for transactions denominated in a foreign currency varies due to changes in foreign exchange rates. Transactional committed risk for which the Company has a contractual obligation that is recorded on the balance sheet is primarily managed through the use of forward foreign exchange contracts.

Translation exposure arises from consolidation of foreign currency-denominated financial statements of the Company's subsidiaries. The risk arising from translation of foreign subsidiary balance sheets (the effect of which is a currency-impact in consolidated Company equity) is partially hedged. The Company has certain principal balances of foreign currency denominated debt that is considered a hedge of the foreign currency exposure related to the investment in its foreign operations. The majority of the Company's debt is denominated in euros; therefore, a significant portion of the Company's debt is not exposed to foreign currency risk. A 10% change in the currency translation rate between the US dollar and the euro could positively or negatively affect revenue by approximately €8,700, and the net income impact on equity is approximately €1,000 based on results for the year ended 31 December 2016. The risk from equity fluctuations in other currencies is not considered significant.

Commodity Price Risk

Commodity price fluctuations also affect aspects of the Company's business. Changes in commodity prices can affect the profitability of the Company's operations and its net cash flows.

The Company does not consider commodity price risk to be a significant financial statement risk as most of the machine orders are completed within six months and the portion of commodity cost in the cost of finished goods inventory is not considered significant. For large orders, the Company mitigates exposure to commodity price risk by committing to raw materials purchases periodically throughout the year as sales occur. Inventory pricing is reviewed periodically to reduce the risk of commodity purchase price changes.

Interest Rate Risk

The Company is exposed to fluctuations in interest rates on its long-term borrowings. While a significant amount of the long-term debt under the Senior Credit Facility is hedged through interest rate swap agreements to mitigate the risk of rising interest rates on the variable rate agreement, a portion of the facility is exposed to interest rate fluctuations.

A one percentage point increase in interest rates would increase annual finance costs by €535 and positively affect equity by €604 as of 31 December 2016 due to the fact that the Company had entered into fixed interest rate swap agreements. See note 8.

Credit Risk

The exposure to credit risk is represented by the balance sheet values of the receivables and positive market values of derivatives that are carried at the balance sheet date.

Credit quality of customers is assessed taking into account the customer's financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings. The utilisation of credit limits is regularly monitored. Although the Company monitors the credit ratings of its customers, changes in the financial position of its customers can adversely affect the Company's future collection of the receivables and the Company's cash flows.

Liquidity Risk

The Company's principal source of liquidity consists of cash generated from operations and borrowings available under the revolving credit portion of the senior financing agreement. See note 10.

Capital Risk Management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost of capital.

Other Risk

At 31 December 2016, €26,244 in performance bonds related to equipment delivered were outstanding that are not reflected on the balance sheet but expose the Company to a minimal albeit potential risk.

Classes of Financial Instruments

Besides cash and cash equivalents, trade and other receivables as well as long-term debt, trade payables and other payables, which are financial instruments measured at amortised cost, the Group has entered into interest rate swaps, which are financial instruments designated for cash flow hedge accounting. The Group does not have financial instruments classified as either fair value through profit and loss, available for sale or held-to-maturity.

15. EQUITY

	Share Capital	Other Reserves	Retained Earnings	Total Share-holders Equity	Minority Interests	Total Equity
Balance at 11 December 2014	€ —	€ —	€ —	€ —	€ —	€ —
Capital contribution	1,541	149,279	—	150,820	3,557	154,377
Total comprehensive income	—	1,574	4,600	6,174	318	6,492
Non-controlling interest dividend	—	—	—	—	(13)	(13)
Balance at 31 December 2015	€ 1,541	€ 150,853	€ 4,600	€ 156,994	€ 3,862	€ 160,856
Total comprehensive income	—	1,262	16,046	17,308	461	17,769
India share buyback	—	163	—	163	(926)	(763)
Non-controlling interest dividend	—	—	—	—	(13)	(13)
Balance at 31 December 2016	€ 1,541	€ 152,278	€ 20,646	€ 174,465	€ 3,384	€ 177,849

Common Shares

The Company is authorised to issue up to 11,474,301 common shares, each with a par value of one Danish krone. Shares are entitled to one vote per share. There are 11,474,301 shares outstanding at 31 December 2016.

Other Reserves

Other reserves consist of the following at 31 December:

	2016	2015
Capital reserves	€ 149,279	€ 149,279
Actuarial losses on pension benefit obligation, net of deferred tax	(5,051)	(2,402)
Unrealised holding losses on derivatives designated as cash flow hedges, net of deferred tax	(973)	(560)
India share buyback	163	—
Currency translation	8,860	4,536
	€ 152,278	€ 150,853

Non-controlling Interest

The Company's majority owned Indian subsidiary, DISA India Ltd. ("DIL"), is listed on the Bombay Stock Exchange. As a result, the Company recognises the non-controlling interest's share of the net asset value of DIL as a component of equity. During the year ended 31 December 2016, DIL repurchased a portion of its outstanding shares through a share repurchase programme by paying €763 to non-controlling interests for 11,403 shares repurchased. The repurchased shares of the Indian subsidiary have been retired as of 31 December 2016.

16. COMMON STOCK WARRANTS

The Company has issued 771,936 common stock warrants to management and directors of the Company. The warrants were issued at fair market value and therefore no compensation expense is recognised. The warrants give the holder the right (without pre-emption right for the Company's existing shareholders) to subscribe for up to 771,936 shares in the Company at par value of DKK 1 per share, by cash contribution at exercise. The Company's share capital may be increased in order to make it possible for the holders of the warrants to exercise the warrants.

17. INCOME TAX RECOGNISED IN PROFIT OR LOSS

The composition of income tax expense is as follows:

	1 January 2016 to 31 December 2016	11 December 2014 to 31 December 2015
Current tax expense	€ 8,051	€ 7,582
Deferred tax benefit relating to the origination and reversal of temporary differences	(7,426)	(206)
Total income tax expense	€ 625	€ 7,376
Deferred tax benefit recognised directly in equity	€ 367	€ 923

Deferred taxes consist of the following at 31 December:

Net operating and other deferred loss carryovers	€ 7,961	€ 1,140
Current assets and liabilities, net	4,893	4,533
Property, plant and equipment	(76)	(44)
Pension	5,866	5,855
Goodwill and identifiable intangible assets	(22,162)	(22,179)
Other	1,424	1,051
Net deferred tax liability	€ (2,094)	€ (9,644)

Income tax expense attributable to income before income taxes differed from the amounts computed by applying the Danish income tax rate of 22.0% and 23.5% for the year ended 31 December 2016 and the period from 11 December 2014 to 31 December 2015, respectively, due to the following:

Income tax expense calculated at 22.0% (2016) and 23.5% (2015)	€ (3,769)	€ (2,889)
Effect of non-taxable income	(96)	559
Effect of non-deductible expenses	(728)	(3,263)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	5,524	(899)
Effect of previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets	(48)	(121)
Effect of different tax rates of subsidiaries operating in other jurisdictions, and other rate effects	(2,064)	(1,423)
	(1,181)	(8,036)
Adjustments recognised in the current year in relation to the current tax of prior years	556	660
Income tax expense recognised in net income	€ (625)	€ (7,376)

Danish, United Kingdom and Canadian loss carryovers do not expire.

18. EMPLOYEE BENEFIT EXPENSE

	1 January 2016 to 31 December 2016	11 December 2014 to 31 December 2015
Wages and salaries, including termination	€ 109,321	€ 93,840
Pension costs, defined benefit	1,924	2,175
Pension costs, defined contribution	3,187	2,588
	€ 114,432	€ 98,603
Average number of employees	2,187	2,193

Employee benefit expenses are deducted in arriving at the Company's operating income, excluding net interest cost included in defined benefit pension cost. See note 13.

19. RELATED PARTIES

Executive Board

The remuneration of the executive board is as follows:

	1 January 2016 to 31 December 2016	11 December 2014 to 31 December 2015
Short-term benefits	€ 1,013	€ 1,195
Post-employment benefits	23	18
Total	€ 1,036	€ 1,213

The remuneration of the executive board is determined by the remuneration committee of the board of directors having regard to the performance of individuals and market trends.

Shareholders

Directors and management own common shares and common share warrants of the Company. As of 31 December 2016, Altor Fund IV Holding AB has controlling shareholding positions in the Parent Company. Management fees of €543 and €3,496 were accrued to the benefit of Altor Fund IV Holding AB for the year ended 31 December 2016 and the period from 11 December 2014 to 31 December 2015, respectively.

During the period from 11 December 2014 to 31 December 2015, Altor Fund IV AB provided a bridge loan to the Company in the amount of €175,000 which was fully repaid within the period, including interest and fees of €1,654.

20. AUDIT FEES

Fees to auditors appointed at the General Meeting are as follows:

	1 January 2016 to 31 December 2016	11 December 2014 to 31 December 2015
Audit fee: Deloitte	€ 404	€ 404
Non-attest fees: Deloitte	€ 19	€ –

21. SUBSEQUENT EVENT

Subsequent to the balance sheet date, on 21 February 2017, the Company entered into a sale and purchase agreement for the purchase of 100% of the outstanding shares of Light Metals Casting Solutions Group. Subject to the terms of the purchase agreement, it is expected that the purchase will be completed in 2017. The sale and purchase agreement is subject to normal closing conditions. Annual revenue of Norican Group is expected to increase by approximately 45% with accretive earnings as a result of the acquisition.

22. LIST OF MAJOR SUBSIDIARY COMPANIES

Name of Subsidiary	Country of Origin	% Owned	Type of Company
Norican A/S	Denmark	100%	Holding
Norican Holdings ApS	Denmark	100%	Holding
Norican Group ApS	Denmark	100%	Holding
DISA Holding II A/S	Denmark	100%	Holding
DISA Holding A/S	Denmark	100%	Holding
DISA Industries A/S	Denmark	100%	Manufacturing
WGH Holding Corp.	British Virgin Islands	100%	Holding
Wheelabrator Group (Canada) ULC	Canada	100%	Manufacturing
DISA Machinery Ltd.	China	100%	Manufacturing
DISA Trading (Shanghai) Co. Ltd.	China	100%	Sales
Wheelabrator Czech s.r.o.	Czech Republic	100%	Manufacturing
Matrasur Composites SAS	France	100%	Manufacturing
Wheelabrator Group SAS	France	100%	Manufacturing
DISA Industrieanlagen GmbH	Germany	100%	Manufacturing
Wheelabrator Group GmbH	Germany	100%	Manufacturing
Wheelabrator Group Holding GmbH	Germany	100%	Holding
Wheelabrator OFT GmbH	Germany	100%	Sales
DISA Limited Hong Kong	Hong Kong	100%	Sales
DISA India Ltd.	India	75%	Manufacturing
DISA Technologies Private Ltd.	India	100%	Manufacturing
DISA K.K.	Japan	100%	Sales
WG Plus de Mexico S de RL de CV	Mexico	100%	Manufacturing
Wheelabrator Schlick Sp. Z.o.o.	Poland	100%	Manufacturing
Wheelabrator Group SLU	Spain	100%	Sales
DISA Industrie AG	Switzerland	100%	Manufacturing
DISA Holding AG	Switzerland	100%	Holding
WGH UK Holdings Limited	United Kingdom	100%	Holding
WGH UK Ltd.	United Kingdom	100%	Holding
Wheelabrator Technologies (UK) Ltd.	United Kingdom	100%	Holding
Wheelabrator Group Ltd.	United Kingdom	100%	Manufacturing
DISA Industries Inc.	United States	100%	Sales
WG Global LLC	United States	100%	Holding
DISA Holding LLC	United States	100%	Holding
Wheelabrator Group Inc.	United States	100%	Manufacturing
Wheelabrator (Delaware) LLC	United States	100%	Holding

PARENT COMPANY BALANCE SHEETS

(Amounts in Thousands)

	Note	31 December 2016	2015
CURRENT ASSETS:			
Cash		€ 8	€ 483
Intercompany receivables		1,215	738
Total current assets		1,223	1,221
INVESTMENT IN SUBSIDIARY COMPANIES	2	153,291	153,291
TOTAL ASSETS		€ 154,514	€ 154,512
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Income tax payable	1	€ 7	€ 32
Total current liabilities		7	32
SHAREHOLDERS' EQUITY:			
Common shares		1,541	1,541
Additional paid-in capital		152,836	152,836
Retained result, etc.		130	103
Total shareholders' equity	3	154,507	154,480
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		€ 154,514	€ 154,512

STATEMENTS OF INCOME

(Amounts in Thousands)

	Note	1 January to 31 December 2016	11 December 2014 to 31 December 2015
OPERATING INCOME		€ –	€ –
NON-OPERATING INCOME		–	–
Net finance income		34	135
Total non-operating income		34	135
INCOME BEFORE INCOME TAX		34	135
INCOME TAX EXPENSE	1	(7)	(32)
NET INCOME		€ 27	€ 103

PROPOSED DISTRIBUTION OF RESULT FOR THE YEAR:			
Proposed dividend for the year		€ –	€ –
Transfer to retained result		27	103
		€ 27	€ 103

STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Note	1 January to 31 December 2016	11 December 2014 to 31 December 2015
CASH FLOWS FROM OPERATIONS:			
Net income		€ 27	€ 103
Adjustments to reconcile net income to net cash from operations, changes in working capital:			
Intercompany receivables		(477)	–
Accrued income tax payable		(25)	32
Net cash from operations		(475)	135
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Investments in subsidiaries		–	(153,291)
Net cash from investing activities		–	(153,291)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Capital contribution	3	–	154,377
Loan and accrued interest to Norican A/S		–	(738)
Net cash from financing activities		–	153,639
NET CHANGE IN CASH		(475)	483
CASH, BEGINNING OF PERIOD		483	–
CASH, END OF PERIOD		€ 8	€ 483

1. INCOME TAX RECOGNISED IN NET INCOME

The Danish companies of the group are jointly and severally liable for the Danish group's joint taxable income.

Tax expense is comprised of the following:

	1 January 2016 to 31 December 2016	11 December 2014 to 31 December 2015
Current tax expense	€ 7	€ 32
Deferred tax expense relating to the origination and reversal of temporary differences	–	–
Total income tax expense	€ 7	€ 32

Income tax expense attributable to income before income taxes differed from the amounts computed by applying the Danish income tax rate of 22.0% and 23.5% for the year ended 31 December 2016 and the period from 11 December 2014 to 31 December 2015, respectively, due to the following:

Income tax expense calculated at 22.0% (2016) and 23.5% (2015)	€ 7	€ 32
Adjustments recognised in the current year in relation to prior year deferred taxes	–	–
Income tax expense recognised in net income	€ 7	€ 32

2. INVESTMENT IN SUBSIDIARY COMPANIES

	1 January 2016 to 31 December 2016	11 December 2014 to 31 December 2015
Cost or Valuation:		
Balance at beginning of period	€ 153,291	€ –
Additions	–	153,291
Balance at end of period	€ 153,291	€ 153,291

Investments in subsidiary companies, with a carrying value at 31 December 2016 and 31 December 2015 of €153,291, have been provided as security for loans to the Company. Investment in subsidiary companies are reported at cost.

3. SHAREHOLDERS' EQUITY

	Share Capital	Retained Results	Total
Equity at 11 December 2014	€ –	€ –	€ –
Shareholder Capital Contribution	154,377	–	154,377
Transfer to retained result	–	103	103
Equity at 31 December 2015	€ 154,377	€ 103	€ 154,480
Transfer to retained result	–	27	27
Equity at 31 December 2016	€ 154,377	€ 130	€ 154,507

Common Shares

The Company is authorised to issue up to 11,474,301 common shares, each with a par value of one Danish krone. Shares are entitled to one vote per share. There are 11,474,301 shares issued and outstanding at 31 December 2016.

Further details on the Parent Company's equity and related party transactions are provided in notes 15 and 19, to the Company's consolidated financial statements, respectively.

4. AUDIT FEES

Fees to auditors appointed at the General Meeting were as follows:

	1 January 2016 to 31 December 2016	11 December 2014 to 31 December 2015
Audit fee: Deloitte	€ 2	€ 2
Non-attest fees: Deloitte	–	–

Global Leadership Team

Norican Group benefits from a seasoned, multinational and well-rounded management team with an average tenure of more than ten years. In addition, the Company maintains a disciplined and hands-on board of directors, which employs a proactive approach of working in conjunction with the management team to deliver long-term value.

Board of Directors

SØREN JOHANSEN
Partner, Altor Equity Partners

ROBERT E. JOYCE JR.
President & Chief Executive Officer

DAVID HUGHES
Independent Director

JEAN MARC LECHÊNE
Independent Director

ANDERS LINDQVIST
Independent Director

THOMAS KVORNING
Director, Altor Equity Partners

DANIEL REIMANN
Director, Altor Equity Partners

Executive Board

ROBERT E. JOYCE JR.
President & Chief Executive Officer

ANDREW J. MATSUYAMA
Executive Vice President & Chief Financial Officer

IAN B. BIRD
Senior Vice President & General Counsel

Management Team

Group Management:

ROBERT E. JOYCE JR.
President & Chief Executive Officer
United States

ANDREW J. MATSUYAMA
Executive Vice President & Chief Financial Officer
United States

IAN B. BIRD
Senior Vice President & General Counsel
United States

VIC DINGLE
Senior Vice President & Corporate Controller
United Kingdom

BO BUGGE
Senior Vice President & Chief Information Officer
Denmark

VANESSA ASHWORTH
Vice President, Marketing Communication
United Kingdom

JAN SAAEK
Vice President & Treasurer
Denmark

Line Management:

ANDREW CARMICHAEL
Wheelabrator Group President & COO
United Kingdom

PETER HOLM LARSEN
DISA Group President & COO
Denmark

CLIFFORD PARR
Wheelabrator Plus President & COO
United Kingdom

ERICH BRUNNER
Wheel & Air Technology President & COO
Switzerland

VIRAJ NAIDU
Group Executive Vice President India
India

BAOHUA WEI
Group Senior Vice President Asia
China

Norican Group

Global Headquarters

Højager 8

DK-2630 Taastrup

Denmark

Norican Group
Locations