



Metso Denmark A/S

Vejlevej 5, DK-8700 Horsens

CVR no. 45 50 53 16

Annual report 2016

Approved at the annual general meeting of shareholders on 11 May 2017

Chairman:

A handwritten signature in blue ink is written over a horizontal dotted line. The signature is stylized and appears to be the name of the chairman.

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Metso Denmark A/S for the financial year 1 January - 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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

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

Horsens, 11 May 2017
Executive Board:



Ole Kannerup Rasmussen



Uffe Hansen

Board of Directors:

Eeva-Liisa Virkkunen
Chairman

Elisa Kristiina Erkkilä



Uffe Hansen



Ole Kannerup Rasmussen



Lasse Mejer Hansen



John Naldal

Independent auditor's report

To the shareholders of Metso Denmark A/S

Opinion

We have audited the financial statements of Metso Denmark A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Independent auditor's report

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

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

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

Statement on Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 11 May 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Henrik Andersen

State Authorised Public Accountant

Management's review**Company details**

Name	Metso Denmark A/S
Address, Postal code, City	Vejlevej 5, DK-8700 Horsens
CVR no.	45 50 53 16
Registered office	Horsens
Financial year	1 January - 31 December
Website	www.metso.com/recycling
E-mail	hrs.sales@metso.com
Telephone	+45 76 26 64 00
Telefax	+45 76 26 64 01
Board of Directors	Eeva-Liisa Virkkunen, Chairman Elisa Kristiina Erkkilä Uffe Hansen Ole Kannerup Rasmussen Lasse Mejer Hansen John Naldal
Executive Board	Ole Kannerup Rasmussen Uffe Hansen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Financial highlights

DKK'000	2016	2015	2014	2013	2012
Key figures					
Gross margin	80,764	76,442	70,491	65,181	72,789
Operating profit/loss	38,691	32,644	36,597	20,244	24,240
Net financials	-224	-341	-515	-28	-1,403
Profit/loss for the year	29,990	24,663	27,515	15,237	17,086
Total assets					
Equity	46,433	38,443	53,780	66,265	51,028
Financial ratios					
Return on assets	36.5%	30.2%	26.7%	14.2%	17.1%
Solvency ratio	39.7%	40.5%	44.4%	43.3%	38.5%
Return on equity	70.7%	53.5%	45.8%	26.0%	40.2%
Average number of employees					
	89	92	92	105	106

Management's review

Management commentary

Business review

The Company's main activity is development, production and marketing of mobile and stationary waste shredders for industrial use.

Recognition and measurement uncertainties

There are no significant uncertainties by recognition and measurement of the financial values and results.

Unusual matters having affected the financial statements

Nothing to report.

Financial review

Also in 2016, the Company experienced a good level of market activities which has resulted in satisfactory sales as well as operating profit.

Knowledge resources

During several years the Company has achieved competences within handling and shredding of waste as well as equipment for this purpose. The Company will continue the development within this area.

Special risks

The Company is not exposed to particular operating risks, financial risks, interest risks or credit risks compared to other similar companies within the industry.

Research and development activities

The activities during 2016 has focused on further development of the existing product portfolio.

Events after the balance sheet date

No events have occurred that impacts the assessment of the result and financial position at balance sheet date.

Outlook

We see a continued good level of market activity and further global opportunities for our products. Management expects satisfactory financial results for 2017.

Financial statements for the period 1 January - 31 December
Income statement

Note	DKK'000	2016	2015
	Gross margin	80,764	76,442
13.3	Distribution costs	-26,759	-24,893
13.3	Administrative expenses	-15,314	-18,507
	Operating profit	38,691	33,042
	Other operating expenses	0	-398
	Profit before net financials	38,691	32,644
4	Financial income	0	14
5	Financial expenses	-224	-355
	Profit before tax	38,467	32,303
6	Tax for the year	-8,477	-7,640
	Profit for the year	29,990	24,663

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Acquired intangible assets	0	1,617
		0	1,617
8	Property, plant and equipment		
	Land and buildings	4,524	2,859
	Plant and machinery	5,441	6,647
	Other fixtures and fittings, tools and equipment	1,381	162
	Property, plant and equipment in progress	0	2,137
		11,346	11,805
	Total fixed assets	11,346	13,422
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	29,649	34,461
	Work in progress	17,108	15,796
	Finished goods and goods for resale	3,738	3,793
		50,495	54,050
	Receivables		
	Trade receivables	19,885	15,222
	Receivables from group entities	4,719	3,295
	Other receivables	10,907	8,894
		35,511	27,411
	Cash	19,592	0
	Total non-fixed assets	105,598	81,461
	TOTAL ASSETS	116,944	94,883

Financial statements for the period 1 January - 31 December
Balance sheet

Note	DKK'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	6,001	6,001
	Retained earnings	10,732	10,442
	Dividend proposed for the year	29,700	22,000
	Total equity	46,433	38,443
	Provisions		
10	Deferred tax	366	367
	Other provisions	6,175	6,203
11	Total provisions	6,541	6,570
	Liabilities		
	Current liabilities		
	Prepayments received from customers	16,512	14,656
	Trade payables	23,352	13,794
	Payables to group entities	2,330	1,524
	Income taxes payable	2,428	1,152
12	Other payables	19,348	18,744
		63,970	49,870
	Total liabilities other than provisions	63,970	49,870
	TOTAL EQUITY AND LIABILITIES	116,944	94,883

- 1 Accounting policies
- 14 Contractual obligations and contingencies, etc.
- 15 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2015	6,001	7,779	40,000	53,780
16 Transfer, see "Appropriation of profit"	0	2,663	22,000	24,663
Dividend distributed	0	0	-40,000	-40,000
Equity at 1 January 2016	6,001	10,442	22,000	38,443
16 Transfer, see "Appropriation of profit"	0	290	29,700	29,990
Dividend distributed	0	0	-22,000	-22,000
Equity at 31 December 2016	6,001	10,732	29,700	46,433

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Metso Denmark A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Changes in accounting policies

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies the following changes in the recognition and measurement:

1. In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

Apart from the above changes in accounting policy and new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Basis of recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, allowance is made for gains, losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, cost incurred to generate the year's earnings are recognized, including depreciation, amortization, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognized in the income statement.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between date and at the date of payment are recognized in the income statement as interest income or expense and similar items.

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value.

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

Income statement

Revenue

Revenue includes sale of finished products, services and spare parts. Revenue is recognised net of VAT and taxes charged on behalf of third parties.

Gross margin

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

Production costs

Production expenses comprise the expenses of this year's sale and goods used in the production of the year. The expenses include raw materials, consumables, production staff and production overheads comprise indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment as well as plant administration and management.

Production expenses include development projects and depreciation of development projects recognised in the balance sheet.

Distribution costs

Distribution expenses comprise the expenses of distribution of goods sold and sale and marketing campaigns which includes expenses for staff, advertisement and depreciation.

Administrative expenses

Administration expenses comprise expense of management of the company which includes expenses for staff, office supplies and depreciation.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	4-5 years

Land is not depreciated.

Financial income and expenses

Financial income and expenses comprise of interest income and expenses, gains and losses on securities and transactions denominated in foreign currencies, surcharges and allowances under the onaccount tax scheme etc.

Tax

Tax for the year comprises of current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement. Current and deferred tax concerning changes in equity is taken directly to equity.

Balance sheet

Intangible assets

Development projects comprise of expenses, salaries and wages which are directly or indirectly attributable to the company's development activities.

Development projects that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated and where the intention is to produce, market or use the product or the process, are recognised as intangible assets provided that it is sufficiently certain that the future earnings are adequate to cover the production, sales and administrative expenses and the total development costs.

Other development costs are recognised in the income statement when incurred.

Intangible assets, which are recognised in the balance sheet, are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over estimated useful life. The amortization period is usually 5 years.

Property, plant and equipment

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

Cost comprises of the purchase price and any costs directly attributable to the acquisition until such date as the asset is available for use. The cost of selfconstructed assets comprise direct and indirect costs of materials, components, sub suppliers, wages and salaries.

Assets with a total cost of DKK 25,000 or less are recognised in the income statement when incurred.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less cost of disposal and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement under other operating income or expenses.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual impairment test. In case of evidence of impairment, each asset or group of assets is tested for impairment. Assets are written down to the lower of the recoverable amount and the carrying amount.

Inventories

Inventories are measured at cost using the weighted average cost method. If the net realisable value is lower than the cost, inventories are written down to this lower value.

The cost of raw materials and consumables includes the purchase price plus costs of delivery. The cost of finished goods and work in progress includes, consumables, direct labour and production overheads.

Production overheads comprise indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment as well as plant administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales price less cost of completion and expenses incurred to effect the sale and is made up taking into account marketability, obsolescence and developments in the expected sales price.

Receivables

Trade receivables are measured at amortised cost, which usually corresponds to the normal value. A provision is made for bad debts based on an individual assessment of each account receivable.

Cash

Cash comprises cash balances and bank balances.

Provisions

Provisions comprise of anticipated expenses related to commitments in respect of sold machines. Provisions are recognised when, as a result of past events, the company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranties comprise obligations to make good any defects within the warranty period of normally 1-2 years. Provisions for warranties are measured at net realisable value and are recognised based on past experience. The provision made is estimated on a current basis and is adjusted in accordance with the experiential development in costs.

Financial statements for the period 1 January - 31 December**Notes to the financial statements****1 Accounting policies (continued)****Corporation taxes**

Current tax charges and receivables are recognised in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Deferred tax assets are measured at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities.

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

Deferred tax is measured according to the tax rules at the balance sheet date when the deferred tax is expected to be realized as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Liabilities

Financial liabilities are recognised at the time of borrowing at the proceeds received net of transaction costs incurred. Financial liabilities are subsequently measured at amortised cost.

Other liabilities are measured at net realisable value.

Cash flow statement

The Company has not prepared a cash flow statement as this is included in the consolidated financial statements of Metso Corporation.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
2 Other operating income		
Income from sale of Property, plant and equipment	395	12
Royalty	108	0
Other income	29	51
	<u>532</u>	<u>63</u>
3 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	1,617	3,234
Depreciation of property, plant and equipment	1,961	2,152
	<u>3,578</u>	<u>5,386</u>

Amortisation/depreciation of intangible assets and property, plant and equipment are recognised in the income statement under the following items:

Production costs with DKK 1,838 thousand,
Distribution costs with DKK 1,640 thousand and
Administrative expenses with DKK 100 thousand

DKK'000	2016	2015
4 Financial income		
Interest receivable, group entities	0	14
	<u>0</u>	<u>14</u>
5 Financial expenses		
Interest expenses, group entities	4	24
Other financial expenses	220	331
	<u>224</u>	<u>355</u>
6 Tax for the year		
Estimated tax charge for the year	8,478	7,952
Deferred tax adjustments in the year	-1	-290
Tax adjustments, prior years	0	3
Change in tax rate	0	-25
	<u>8,477</u>	<u>7,640</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK'000	Acquired intangible assets
Cost at 1 January 2016	16,170
Cost at 31 December 2016	16,170
Impairment losses and amortisation at 1 January 2016	14,553
Amortisation in the year	1,617
Impairment losses and amortisation at 31 December 2016	16,170
Carrying amount at 31 December 2016	0

8 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2016	33,159	31,040	4,106	2,137	70,442
Additions in the year	2,163	157	1,330	0	3,650
Disposals in the year	-8,216	-8,456	-853	-2,137	-19,662
Cost at 31 December 2016	27,106	22,741	4,583	0	54,430
Impairment losses and depreciation at 1 January 2016	30,300	24,393	3,944	0	58,637
Amortisation/depreciation in the year	487	1,363	111	0	1,961
Reversal of amortisation/depreciation and impairment of disposals	-8,205	-8,456	-853	0	-17,514
Impairment losses and depreciation at 31 December 2016	22,582	17,300	3,202	0	43,084
Carrying amount at 31 December 2016	4,524	5,441	1,381	0	11,346
Amortised over	25 years	5-10 years	4-5 years		

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
9 Share capital		
Analysis of the share capital:		
6,001 shares of DKK 1,000.00 nominal value each	6,001	6,001
	<u>6,001</u>	<u>6,001</u>

The Company's share capital has remained DKK 6,001 thousand over the past 5 years.

DKK'000	2016	2015
10 Deferred tax		
Deferred tax at 1 January	367	682
Change to deferred tax due to change of tax rates	0	-25
Change to deferred tax	-1	-290
Deferred tax at 31 December	<u>366</u>	<u>367</u>
Deferred tax relates to:		
Intangible assets	-508	-661
Property, plant and equipment	968	1,018
Inventories	194	188
Provisions	-288	-178
	<u>366</u>	<u>367</u>

11 Provisions

The Company provides warranties of 1-2 years on certain products and is obliged to repair or replace the products, which are not satisfactory. Under other provisions an amount of DKK 6,175 thousand (2015: DKK 6,203 thousand) is accrued for expected warranty claims based on experience with historic level for repairs and returned goods.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
12 Other payables		
Other accrued expenses	19,348	18,744
	<u>19,348</u>	<u>18,744</u>

In order to hedge recognised financial transactions, Metso Denmark A/S uses forward exchange contracts.

Signed forward exchange contract for buy of CNH 1,362 thousand at a rate of 100.22 or DKK 1,365 thousand

Signed forward exchange contract for buy of USD 285 thousand at a rate of 714.04 or DKK 2,037 thousand

Signed forward exchange contract for buy of EUR 1,800 thousand at a rate of 743.67 or DKK 13,386 thousand

Signed forward exchange contract for sale of CNH 1,362 thousand at a rate of 101.07 or DKK 1,377 thousand

Signed forward exchange contract for sale of USD 285 thousand at a rate of 698.24 or DKK 1,992 thousand

Signed forward exchange contract for sale of GBP 804 thousand at a rate of 878.70 or DKK 7,063 thousand

Signed forward exchange contract for sale of EUR 8,315 thousand at a rate of 743.55 or DKK 61,826 thousand

DKK'000	2016	2015
13 Staff costs		
Wages/salaries	47,718	50,718
Pensions	4,366	4,499
Other social security costs	201	199
	<u>52,285</u>	<u>55,416</u>
Average number of full-time employees	<u>89</u>	<u>92</u>

Remuneration to members of management:

Executive board	<u>2,630</u>
	<u>2,630</u>

Staff costs are recognised in the income statement under the following items:

Production costs with DKK 29,798 thousand,
Distribution costs with DKK 14,541 thousand and
Administrative expenses with DKK 7,946 thousand

Financial statements for the period 1 January - 31 December

Notes to the financial statements

14 Contractual obligations and contingencies, etc.

Other financial obligations

The Company has signed operational leasing contracts with an average annual lease of DKK 712 thousand. The maturity of the contracts is up to 66 months and the total cost is DKK 3,916 thousand.

The Company has entered into a lease contract with a yearly rent of DKK 120 thousand. The lease can be terminated with 3 months' notice.

Warranties to customers and suppliers provided by third parties, the Company's bank and financial connections are totaling DKK 14,103 thousand (2015: DKK 10,887 thousand).

15 Related parties

Metso Denmark A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Metso Minerals OY	Fabianinkatu 9 A, FI-00130 Helsinki, Finland	Participating interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Metso Corporation	Finland	www.metso.com

Related party transactions

Metso Denmark A/S was engaged in the below related party transactions:

<u>DKK'000</u>	<u>2016</u>	<u>2015</u>
Sale of goods	10,795	31,840
Purchase of goods	969	0
Sale of services	4,895	4,684
Purchase of services	10,741	10,170
Interests receivables	0	14
Interests payables	4	24

16 Appropriation of profit/loss

<u>Recommended appropriation of profit</u>	<u>2016</u>	<u>2015</u>
Proposed dividend recognised under equity	29,700	22,000
Retained earnings	290	2,663
	<u>29,990</u>	<u>24,663</u>