KRAMP DANMARK A/S

Kobbervej 6
6900 Skjern

CVR no. 45 80 39 10

Annual report 2016

The annual report was presented and approved at the Company's annual general meeting

on 19/5 20 17

Christian Kottbj

chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of KRAMP DANMARK A/S for the financial year 1 January – 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position 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 activities and financial matters, of the results for the year and of the Company's financial position.

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

Skjern, 28 April 2017
Executive Board:

Carsten Thygesen

Board of Directors:

Wessel Reinier Slöetjes
Chairman

Carsten Thygesen

Birgitte Kloster

Lars Emil Pedersen

KPMG

Independent auditor's report

To the shareholders of KRAMP DANMARK A/S

Opinion

We have audited the financial statements of KRAMP DANMARK A/S for the financial year 1 January – 31 December 2016 comprising 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 Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations and cash flows 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these 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 company 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.

— 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 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 Company to cease to continue as a going concern.

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

KPMG

Independent auditor's report

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 28 April 2017
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Anette Harritz
State Authorised
Public Accountant

Mikkel Trabjerg Knudsen
State Authorised
Public Accountant

Management's review

Company details

KRAMP DANMARK A/S
Kobbervej 6
6900 Skjern

Telephone No:	
Telefax:	+45 96 80 85 11
Website:	www.grene.com
Email:	grene@grene.dk
CVR No.:	45 80 39 10
Established:	4 April 1945
Registered office:	Skjern

Ownership

The Company is fully owned by the Dutch company, Kramp Groep B.V.

Board of Directors

Wessel Reinier Slöetjes (Chairman)
Birgitte Kloster
Carsten Thygesen
Lars Emil Pedersen (Employee representative)

Executive Board

Carsten Thygesen

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
8210 Aarhus V
Denmark

Management's review

Financial highlights

DKKt	2016	2015	2014	2013	2012
Revenue	540,799	592,304	554,312	538,498	550,076
Ordinary operating profit/loss	37,151	45,101	46,147	44,816	61,370
Profit/loss from continuing operations before tax	33,825	44,957	80,524	40,691	56,074
Profit/loss for the year	37,231	36,005	68,808	32,327	41,629
Fixed assets	141,650	169,692	187,601	158,786	131,799
Current assets	247,117	290,871	412,399	231,724	229,602
Total assets	444,626	460,563	600,000	390,510	361,401
Share capital	20,000	20,000	20,000	20,000	20,000
Equity	264,280	326,825	438,677	177,440	157,784
Provisions	12,502	14,330	15,020	10,466	10,040
Non-current liabilities other than provisions	48,173	48,134	51,391	53,376	55,291
Current liabilities other than provisions	167,844	119,408	94,912	149,228	138,286
Gross margin	36,5%	34.62%	36.94%	33.67%	33.67%
Operating margin	6,9%	7.6%	8.3%	11.2%	10.0%
Return on invested capital	12,6%	9.8%	7.7%	11.5%	17.0%
Current ratio	221,4	408.1%	434.5%	155.3%	166.0%
Return on equity	12,6%	18.0%	23.5%	19.3%	26.8%
Solvency ratio	60,5%	71.0%	73.1%	45.4%	43.7%

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios “Recommendations and Financial Ratios 2015". The financial ratios have been calculated as follows:

Gross margin $$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Operating margin $$\frac{\text{Operating profit x 100}}{\text{Revenue}}$$

Return on invested capital $$\frac{\text{Operating profit x 100}}{\text{Total assets}}$$

Current ratio $$\frac{\text{Current assets x 100}}{\text{Short-term debt}}$$

Return on equity $$\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$$

Solvency ratio $$\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

Principal activities

KRAMP DANMARK A/S' principal activity is sale of spare and wearing parts, technical articles and accessories for agriculture and industry. The activities are carried out from the distribution center in Skjern.

Significant changes in the Company's activities and financial position

At 1st January 2017 the inventory is sold to the parent company. Furthermore the risk on trade receivables are transferred to the Kramp Groep B.V.

With effect at 1st January 2017 the activity "supply of customised solutions for the wind turbine industry" is scheduled to be demerged from the company, and transferred merged into the sister company Grene Wind Industry Supplies A/S.

This will reduce the equity of Kramp Danmark A/S with DKK 47.799 thousand, refer to note 13.

Development in activities and financial position

Despite of continued difficult market conditions especially in the Agri market, developments in 2016 were positive in the main market segments Agri and Industry, and the Company generated a satisfactory growth.

The co-ordination of processes with the parent company Kramp Groep B.V. means that the Company is constantly evolving and adapting so that it always appears strong and prepared to effectively capitalize on market opportunities.

KRAMP DANMARK A/S generated revenue in 2016 of DKK 541 million (2015: DKK 506 million excluding the area of business dealing with delivery of customized solutions to the wind industry), which is an increase of 6.9 % compared to 2015. Profit for the year amounted to DKK 33 million, which is considered satisfactory.

At year-end, equity totaled DKK 264 million (2015: DKK 327 million).

Research and development activities

Since the Company is predominantly selling commercial items, no actual research and development activities take place, but the Company's range of products is being updated

Management's review

Operating review

Outlook

2017 will be a year of moderate growth for the Company with Danish agriculture on its way out of the crisis. Growth and profitability will be maintained and developed by continuing to optimize the Company's warehouse facilities and exploiting synergies within the group.

For 2017, we expect a moderate increase in sales and a profit for the continuing operations in line with 2016.

Risks

To the Management's discretion, no special risks apart from any generally occurring risks are incumbent on the Company. Effective from 1 January 2017, inventories and the risk of bad debts were transferred to the parent company.

Human resources

Being a commercial and service business, the Company's most important resources are the knowledge and know-how of employees. It is therefore of the utmost importance to maintain and develop employee skills in terms of products and the market, but also to maintain and develop managerial skills.

Through the Kramp Academy, KRAMP DANMARK A/S provides a comprehensive internal and external training program covering all employee groups in the company. In addition hereto, individual training and development is being highly prioritized.

Corporate social responsibility

In regards to statutory compliance for social responsibility i.e. §99 a, KRAMP DANMARK A/S has no policies on corporate social responsibility, including climate, environment and human rights.

Management body

The company has fixed a gender composition target to maintain at least one of each gender among the members of the board of directors elected by the general meeting.

Today, there is one female member of the board of directors of Kramp Danmark A/S, and the target is thereby met. The same applies to the company's management team, to which a female logistics director was appointed in 2015. The management team is composed by three people. In 2016, the proportion of female members was 33%, which is also the company's target. The 33% share will be maintained through both internal management development programmes and by focusing on this in connection with external recruitments.

Management's review

Operating review

Events after the balance sheet date

Refer to the above section on significant changes in the Company's activities and financial position

Besides this the financial year 2017 has until now developed according to plan, and the Management is not aware of events occurring after the balance sheet date which are expected to have a material impact on the Company's financial position or outlook other than above mentioned.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Revenue	2	540,799	592,304
Cost of sales		-343,504	-382,000
Other operating income	3	11,612	21,856
Other external costs		-44,905	-60,944
Gross profit		164,002	171,216
Staff costs	4	-100,035	-99,417
Depreciation		-26,816	-26,698
Ordinary operating profit		37,151	45,101
Income from equity investments		710	236
Financial income	5	201	2,476
Financial expenses	6	-4,237	-2,856
Profit from continuing operations before tax		33,825	44,957
Tax on profit for the year	7	-7,231	-8,952
Profit from continuing operations		26,594	36,005
Profit from discontinuing operations	8	10,637	0
Profit for the year	9	37,231	36,005

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Fixed assets			
Intangible assets	10		
IT projects and software		10.116	19,618
		10.116	19,618
Property, plant and equipment	11		
Land and buildings		84.971	87,181
Plant and machinery		43.596	54,957
Fixtures and fittings, tools and equipment		2,967	3,543
		131.534	145,681
Investments			
Equity investments in subsidiary	12	0	4,393
		0	4,393
Total fixed assets		141.650	169,692
Current assets			
Inventories			
Raw materials and consumables		1.868	1,805
Finished goods and goods for resale		151,356	172,896
		153,224	174,701
Receivables			
Trade receivables		68,994	100,217
Receivables from group entities		17,864	10,874
Other receivables		3,734	2,681
Prepayments		150	449
		90,742	114,221
Cash at bank and in hand		3,151	1,949
Total current assets		247,117	290,871
Assets attributable to discontinuing operations	13	55,859	0
TOTAL ASSETS		444,626	460,563

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital	14	20,000	20,000
Revaluation reserve		0	2,049
Retained earnings		251,464	212,119
Hedging reserve		-7,184	-7,343
Proposed dividends		0	100,000
Total equity		264,280	326,825
Provisions	15		
Provisions for deferred tax		12,502	14,330
Total provisions		12,502	14,330
Liabilities other than provisions			
Non-current liabilities other than provisions	16		
Mortgage debt, etc.		43,548	48,134
		43,548	48,134
Current liabilities other than provisions			
Current portion of non-current liabilities		4,625	3,304
Bank loans		27,876	12,467
Trade payables		21,815	23,246
Payables to group entities		23,126	1,250
Joint taxation contribution payable		8,158	2,772
Other payables		30,636	28,235
		116,236	71,274
Liabilities attributable to discontinuing operations	12	8,060	0
Total liabilities other than provisions		167,844	119,408
TOTAL EQUITY AND LIABILTIES		444,626	460,563

Contingent liabilities, other financial liabilities, collateral, etc.	17
Currency risks and interest rate risks and use of derivative financial instruments	18
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Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Revaluation reserve	Retained earnings	Hedging transactions	Proposed dividends	Total equity
Equity at 1 January 2015	20,000	1,554	154,668	-8,227	30,000	197,995
Transferred from merger with P. Grene A/S	0	0	121,682	0	119,000	240,682
Distributed dividends	0	0	0	0	-149,000	-149,000
Exchange rate adjustment, foreign entities	0	259	0	0	0	259
Transferred over the profit appropriation	0	236	-64,231	0	100,000	36,005
Movements for the year	0	0	0	884	0	884
Equity at 1 January 2016	20,000	2,049	212,119	-7,343	100,000	326,825
Distributed dividend					-100,000	-100,000
Adjustment 1st January 2016			184	-184		0
Transferred over the profit appropriation			37,231			37,231
Discontinuing operations		-1,930	1,930			0
Exchange rate adjustment, foreign subsidiary		-119				-119
Value adjustment of hedging instruments:						
Value adjustment for the year				439		439
Value adjustments reclassified to the income statement				-96		-96
Equity at 31 December 2016	20,000	0	251,464	-7,184	0	264,280

The company has distributed extraordinary dividend after the balance sheet date amounting to DKK 140,000 thousands.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of KRAMP DANMARK A/S for 2016 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

During the financial year the company has changed its presentation to the art-divided income statement, comparison figures 2015 are also adapted.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015.

This has entailed the following changes to recognition and measurement:

— Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Apart from the above, the income statement have been prepared using the same accounting principle as last year.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of KRAMP DANMARK A/S and subsidiary are included in the consolidated financial statements of Kramp Groep B.V. Holland.

Fee to the auditor elected on the Annual General Meeting

Pursuant to the section 96 (3) of the Danish Financial Statements Act, fee paid to the Annual General Meeting's elected auditor is provided. This information is at part of the Annual Report of Kramp Groep B.V.

Cash Flow Statement

In accordance with section 86 (4) of the Danish Financial Statement Act, no cash flow statement is prepared. The company's cash flows are included in the cash flow statement in the consolidated financial statement for Kramp Groep BV.

Business combinations

The pooling-of-interests method is used for business combinations carried out as a merger of entities under the control of the ultimate parent company.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

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 the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries which are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a fair value hedge 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. Hedging of future cash flows according to agreement are accounted for as hedging of the fair value of a recognised asset or recognised liability.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a hedge of future transactions are recognised as a separate hedging reserve under equity. When the hedged transaction is realised, gains and losses arising from such hedging transactions are transferred from equity and recognised in the same item as the hedged transaction.

For derivative financial instruments not qualifying for treatment as hedging instruments, changes in fair value are recognised in the income statement on an ongoing basis.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Income statement

Revenue

Income from the sale of goods, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. Revenue is measured ex VAT and duties collected on behalf of third parties. All discounts granted are deducted from revenue.

Other operating income an operating costs

Other operating income and costs comprise items secondary to the activities of the Company, including gains and losses on replacement of intangible assets and property, plant and equipment. Gains and losses from the disposal of intangible assets and property, plant and equipment are stated as the selling prices less sales costs and the carrying amount at the date of sale.

Income from equity investments

The proportionate share after tax for the year is recognised in the income statement.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

The Company is comprises by the Danish rules on compulsory joint taxation of the Danish companies in the Kramp Group. Consolidated entities are recognised in the joint taxation from the date they are included in the consolidation of the consolidated financial statements for the Kramp Group and until the date they exit the consolidation.

KRAMP DANMARK A/S is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Discontinuing operations

Discontinuing operations make up an important part of the Company if the activities and cash flows can be separated from the Company's other activities and, which according to a specific plan, is to be sold, closed down or discontinued.

Profit/loss from discontinuing operations after tax and assets and related liabilities attributable to discontinuing operations are presented as separate line items without any restatement of comparative figures. Main items are specified in the notes.

Balance sheet

Intangible assets

Intangible assets are initially measured at cost. Investments and IT projects developed by the Company and software are measured at cost lease accumulated amortisation and impairment losses.

The period of amortisation is five years.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings (land is not depreciated)	25-50 years
Plant and machinery	5-10 years
Fixtures and fittings, tools and equipment	3-7 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Inventories

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

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Equity investments in subsidiary

Equity investments in subsidiary are recognised and measured according to the equity method.

Equity investments are recognised on the balance sheet at the proportionate share of the entity's net asset value plus or minus any unrealised intra-group profits or losses.

Total net revaluation of equity investments in subsidiary are transferred over the profit appropriation/distribution of loss to the "Revaluation reserve" under equity.

The reserve is reduced by dividend distribution to the parent company and adjusted in line with equity movements under equity.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

Dividends are recognised as a liability on the date for adoption at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as separate items under receivables from or payables to group entities on the balance sheet.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Adjustment is made to deferred tax for elimination of unrealised intra-group gains and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities, comprising trade payables, group entities, associates and other payables, are measured at amortised cost.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Cash at bank and in hand

Cash comprises cash at bank and securities with a residual term on the date of purchase of less than three months and which are freely transferrable into cash and only subject to an insignificant risk of changes in value.

Prepayments and deferred income

Deferred income comprises payments received regarding income in subsequent years.

Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Company's accounting policies, risks and internal financial management.

Income from equity investments in group entities and associates

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after elimination of a proportionate share of intra-group gains/losses and amortisation of goodwill.

The proportionate share of the individual associates' profit/loss after tax is recognised in the Group's and the Parent Company's income statements after elimination of a proportionate share of intra-group gains/losses and amortisation of goodwill.

Currency risks and interest rate risks and use of derivative financial instruments

When hedging recognised and non-recognised transactions, KRAMP DANMARK A/S makes up of hedging instruments, such forward contracts and interest and currency swaps.

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1 Accounting policies (continued)

Hedged transactions

Hedging of recognised transactions is vastly made up by receivables and payables in foreign currencies.

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	DKK'000	2016	2015
2	**Revenue**		
	Sale of goods and services, agro	311,003	300,343
	Sale of goods and services, industry	140,229	130,040
	Sale of goods and services, wind	-	85,848
	Sale of goods and services, intercompany	89.567	76,073
		540,799	592,304
	Sale of goods and services, Denmark	451.095	417,186
	Sale of goods and services, abroad	89,704	175,118
		540,799	592,304

3 Other operating income

Other operating income comprise sale of fixed assets, rental income and re-invoicing of IT costs and administration fees to group entities.

		2016	2015
4	**Staff costs**		
	Payroll	92,823	85,719
	Pensions	7,463	7,481
	Other social security costs	2,531	2,491
	Other staff costs	2,536	3,726
		105,353	99,417
	Transferred to discontinuing operations	5,318	0
		100,035	99,417

Remuneration of the Board of Directors and the Executive Board is not available under ÅRL § 98 b, 3 no 2. (2015: DKK 2,536 thousand)

		2016	2015
	Average number of full-time employees	239	224

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	DKK'000	2016	2015
5	**Financial income**		
	Financial income, group entities	0	320
	Other financial income	201	2,156
		201	2,476

6	**Financial expenses**		
	Financial expenses group entities	999	62
	Other financial expenses	3,238	2,794
		4,237	2,856

7	**Tax on profit for the year**		
	Computed current tax on profit for the year	12.059	10,467
	Adjustment for the year of deferred tax in respect of profit for the year	-1,828	-690
	Adjustment of tax in respect of prior years	-	-825
	Tax transferred to discontinuing operations	-3,000	-
		7,231	8,952

8 **Profit from discontinuing operations specified on main items**

The Company have concluded a plan for demerger of the activity "wind" effective at 1 January 2017. The demerger was not finalised at the balance sheet date. Accordingly, the net assets to be transferred are recognised on the balance sheet as discontinuing operation.

Profit from the discontinuing operations after tax is recognised as a separate line item in the income statement. Comparative figures for 2015 have not been restated for discontinuing operations.

DKK'000	2016
Revenue	80.477
Costs	-68,446
Financial income and expenses	1,606
Profit before tax	13,637
Tax on profit for the year	-3,000
Profit for the year before tax on discontinuing operations	10,637

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	DKK'000	2016	2015
9	**Proposed profit appropriation**		
	Proposed dividends for the financial year	0	100,000
	Retained earnings	37.231	-63,995
		37,231	36,005
	Extraordinary dividend distributed at an extraordinary general meeting after the balance sheet date	140,000	0

10 Intangible assets

DKK'000	IT projects and software
Cost at 1 January 2016	45,456
Additions for the year	370
Disposals for the year	-645
Cost at 31 December 2016	45,181
Amortisation at 1 January 2016	-25,838
Amortisation for the year	-9,872
Disposals for the year	645
Amortisation at 31 December 2016	-35,065
Carrying amount at 31 December 2016	10,116

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11 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2016	123,910	130,147	31,841	285,898
Additions for the year	746	1,120	1,151	3,017
Disposals for the year			-7,888	-7,888
Transfer	282	700	-982	
Transferred, discount. operations			-266	-266
Cost at 31 December 2016	124,938	131,967	23,856	280,761
Depreciation 1 January 2016	36,729	75,190	28,298	140,217
Disposals for the year			-7,888	-7,888
Depreciation for the year	2,956	12,481	1,618	17,055
Transfer	282	700	-982	0
Transferred, discount. operations			-157	-157
Depreciation at 31 December 2016	39,967	88,371	20,889	149,227
Carrying amount at 31 December 2016	84,971	43,596	2,967	131,534

12 Equity investments in subsidiary

DKK'000	2016	2015
Cost at 1 January 2016	2,344	2,344
Transferred, discontinuing operations	-2,344	0
Cost 31 December 2016	0	2,344
Value adjustments at 1 January 2016	2,049	1,555
Adjustment 1st January 2016	-40	0
Profit for the year	710	236
Exchange adjustments	-119	258
Transferred, discontinuing operations	-2,600	0
Value adjustments at 31 December 2016	0	2,049
Carrying amount at 31 December 2016	0	4,393

Name	Registered office	Equity Interest	Equity	Profit/loss for the year
			DKK'000	DKK'000
Subsidiaries:				
GIS (Tianjin) Service & Technology Co. Ltd.	Tianjin, Kina	100 %	4,944	710

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13 Assets and liabilities attributable to discontinuing operations specified on main items

DKK'000	2016
Property, plant and equipment	109
Investments in subsidiary	4,944
Inventories	28,099
Receivables	22,357
Other current assets	350
Assets attributable to discontinuing operations	55,859
Other current liabilities	8,060
Liabilities attributable to discontinuing operations	8,060
Net assets attributable to discontinuing operations	47,799

No deferred tax is related to assets and liabilities transferred.

14 Share capital

The share capital consists of one share of nom. DKK 20 million. All shares is rank equally.

15 Provisions for deferred tax

DKK'000	2016	2015
Deferred tax at 1 January	14,330	15,020
Adjustment for the year of deferred tax	-1,828	-690
	12,502	14,330

Provision for deferred tax relates to:

Intangible assets	2,226	4,315
Property, plant and equipment	10,183	9,456
Current assets	121	589
Liabilities other than provisions	-28	-30
	12,502	14,330

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	DKK'000	2016	2015
16	**Non-current liabilities other than provisions**		
	Non-current liabilities falling due five years after the financial year end	18,508	20,279

17 Contingent liabilities, other financial liabilities and collateral

The Company has entered into leases with a residual lease payment of DKK 8,146 thousand during the lease period, of which DKK 3,499 thousand falls due in 2017.

The Company is jointly taxed with the other Danish companies in the Kramp Group. As a wholly-owned subsidiary, the Company has unlimited joint and several liability with the other entities in the joint taxation for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the jointly taxed entity. Current tax payable in the joint taxation represents DKK 12,117 thousand.

The following assets have been provided as collateral for mortgage debt:

	2016	2015
Land and buildings as well as plant and machinery with a carrying amount of	128,567	142,138

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18 Currency risks and interest rate risks and use of derivative financial instruments

Interest risks

The Group hedges interest risks using interest swaps, allowing variable interest payments to be converted into fixed payments. Hedged cash flows are expected to be realised and will affect results over the residual term of the swap.

	2016			
DKK'000	Principal	Value adjust-ments recog-nised in equity	Fair value	Tax effect
Interest swaps	48,739	-7,185	-9,211	2.026

	2015			
DKK'000	Principal	Value adjust-ments recog-nised in equity	Fair value	Tax effect
Interest swaps	51,947	-7,343	-9,650	2.307

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19 Events after the balance sheet date

At 1st January 2017 the inventory is sold to the parent company. Furthermore the risk on trade receivables are transferred to the Kramp Groep B.V.

With effect at 1st January 2017 the activity "supply of customised solutions for the wind turbine industry" is scheduled to be demerged from the company, and transferred merged into the sister company Grene Wind Industry Supplies A/S.

This will reduce the equity of Kramp Danmark A/S with DKK 47.799 thousand, refer to statement of changes in equity.

Refer to note 9 for extraordinary dividend distribution.

20 Related parties

The Company is fully owned by the Dutch company, Kramp Groep B.V.

Kramp Groep B.V., Breukelaarweg 33, NL-7050 AA Varsseveld is the ultimate parent company, in which KRAMP DANMARK A/S is included in the consolidated financial statements.

The consolidated financial statements for Kramp Groep B.V. are available from the Company.

Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c (7) of the Danish Financial Statements Act.