SKIOLD A/S
Kjeldgaardsvej 3
9300 Sæby
Central Business Registration
No 57081112

Annual report 2016

The Annual General Meeting adopted the annual report on 29.03.2017

Chairman of the General Meeting

Martin Gadensgaard
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Name: Martin Gadensgaard

Contents

Entity details

Entity
SKIOLD A/S
Kjeldgaardsvej 3
9300 Sæby

Central Business Registration No: 57081112
Registered in: Frederikshavn
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Henrik Hougaard, Chairman
Anders Peder Petersen, Vice Chairman
Per Schak Andreasen
Søren Hougaard
Carsten Isgreen Sørensen, Elected by employees
Bent Engelhardt Kristensen, Elected by employees

Executive Board
Samuel Waldorph Andreasen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Gøteborgvej 18
9200 Aalborg SV

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SKIOLD A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

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

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

Sæby, 16.03.2017

Executive Board

Samuel Waldorph Andreasen

Board of Directors

Henrik Hougaard
Chairman

Anders Peder Petersen
Vice Chairman

Per Schak Andreasen

Søren Hougaard

Carsten Isgreen Sørensen
Elected by employees

Bent Engelhardt Kristensen
Elected by employees

Independent auditor's report

To the shareholders of SKIOLD A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of SKIOLD A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

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

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

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

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

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

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

Independent auditor's report

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

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

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

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

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

Aalborg, 16.03.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Thomas Skovsgaard
State Authorised Public Accountant

Jakob Olesen
State Authorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Revenue	602,104	508,683	440,187	478,537	553,937
Gross profit/loss	216,125	200,673	194,402	207,928	206,840
Operating profit/loss	42,345	23,827	26,407	44,876	40,123
Net financials	1,498	923	(1,159)	(1,319)	(539)
Profit/loss for the year	34,584	20,877	19,286	33,278	28,975
Total assets	313,870	287,845	269,246	257,981	272,248
Investments in property, plant and equipment	9,797	5,874	3,402	8,206	5,314
Equity	114,434	99,914	91,475	97,575	75,370
Ratios					
Gross margin (%)	35.9	39.4	44.2	43.5	37.3
Net margin (%)	5.7	4.1	4.4	7.0	5.2
Return on equity (%)	32.8	22.1	21.6	40.0	36.9
Equity ratio (%)	36.0	33.9	34.0	37.8	27.7

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

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities
The company's main activities are development, manufacturing, sales and service of feed milling solutions, pig faming solutions, and grain and seed handling solutions for the animal production sector and feed and grain industry.

Development in activities and finances
In 2016, SKIOLD has strengthened sales and implementation of projects, and increased presence on export markets.

The political, financial and market situation in the CIS region still has a major impact on SKIOLD Group's activity level in the region. At the same time SKIOLD has increased market presence in Asia and Oceania.

The pre-tax group profit amounts to DKK 43,8 mio., which gives a return on the average equity of 32,8%. The result is considered satisfactory, and according to the expectation at the beginning of the year. The turnover, as expected, is above the level of 2015 due to a higher level of projects within all our business areas.

Outlook
SKIOLD has a comprehensive and coherent product range in the field of technical solutions for livestock farmers and the grain-, feed- and seed industry. The range of products, along with continuous market development, contributes to maintaining and expanding the market position.

For 2017, we expect the same level of activity compared to 2016. Average prices for grain, meat- and milk are expected to be stable. Global stability in the agricultural financial situation is necessary for maintaining a good level of investments in the industry.

Particular risks
The company is affected by development in meat, milk, grain and seed prices globally. If the average prices globally are low, this affects our customer's financial situation and investments level. Currency risk is balanced by selling and buying in the same currency, and occasionally by use of financial instruments. The company most exposed currency is EUR.

Besides the above the company is unaffected by essential risks, beyond the ones that generally occur in the line of business.

Intellectual capital resources
SKIOLD supplies technology and solution within the field of feed production, seed processing, grain handling and pig production. In order to maintain a strong position, SKIOLD constantly seeks to be updated with the latest knowhow and knowledge of the development within these business segments.

Management commentary

Research and development activities
The company's products are subject to continuous development. A range of new products was introduced to the market during 2016. In 2016 a new SKIOLD Group position, CTO Director, was established and R&D activities were consolidated across. This has resulted in more focus on development of new products for the market.

Statutory report on corporate social responsibility

Improved energy efficiency
The most energy saving components are generally chosen when replacing new equipment in the manufacturing facilities. In 2016 SKIOLD has converted the heating system from oil to gas in the main factories, resulting in considerable reduced emissions of co^2.

SKIOLD has introduced energy saving electric motors on the market, reducing energy consumption for our customers.

Minimising of raw material consumption and wastage
SKIOLD is continuously working to optimize the use of materials to reduce environmental impact and wastage. In practice it e.g. means metal cutting methods are improved, reducing wastage and energy consumption. We believe that the efforts have contributed to our continuous focus on environmental protection which will be continued in 2017.

Working environment
The SKIOLD Group policy for working environment is following local legislation, and focuses on creating a positive and healthy working environment for all employees. The working environment takes place at each location in working environment organisations coordinated by a safety manager.

Also in 2016 we have focused on reducing industrial accidents. We have during 2016 avoided serious accidents.

During 2016 the Danish Working Environment Authority has inspected our locations in Denmark. Efforts are constantly made to ensure a high safety level for our employees.

SKIOLD has employees with reduced working ability, and we are constantly working to reduce sickness absence among employees.

Human rights
SKIOLD respects the international conventions regarding the protection of human rights and the corresponding national laws. At the moment we have not found the need to form a specific company policy in this area.

Management commentary

Statutory report on the represented gender

Gender distribution in the Company's Management
Overall, the employment of management as well as staff will always be based on qualifications.

Gender distribution in the supreme governing body and other management levels
SKIOLD has adopted a policy according to which the Company wants both genders to be represented in the Board of Directors. The aim is that both genders should have a more balanced representation, in the Board of Directors and other levels of the management. The goal is that the gender distribution is changed within five years.

The gender composition at the Board of Directors at the end of the financial year is unbalanced, as there is only one female member in the Board of Directors of an associated company. The process of finding qualified females for the board, with knowledge of the agro business sector, is constantly ongoing.

At other management levels, we have moved towards a more balanced level, as we have employed further two female managers according to SKIOLD politics of a more balanced gender representation.

Consolidated income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	2, 3	602,104	508,683
Other operating income		1,820	2,951
Cost of sales		(311,355)	(238,148)
Other external expenses	4	(76,444)	(72,813)
Gross profit/loss		**216,125**	**200,673**
Staff costs	5	(159,308)	(162,602)
Depreciation, amortisation and impairment losses		(13,934)	(13,425)
Other operating expenses		(538)	(819)
Operating profit/loss		**42,345**	**23,827**
Income from investments in group enterprises		0	252
Income from investments in associates		3,232	2,897
Other financial income	6	346	643
Other financial expenses		(2,080)	(2,869)
Profit/loss before tax		**43,843**	**24,750**
Tax on profit/loss for the year		(9,238)	(3,873)
Profit or loss from continuing operations		**34,605**	**20,877**
Profit or loss from discontinued operations	2	**(21)**	**0**
Profit/loss for the year	7	**34,584**	**20,877**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Completed development projects		12,330	14,815
Acquired intangible assets		3,766	5,359
Goodwill		2,460	2,179
Development projects in progress		3,091	0
Intangible assets	8	**21,647**	**22,353**
Land and buildings		41,758	40,316
Plant and machinery		11,868	14,559
Other fixtures and fittings, tools and equipment		2,147	1,992
Leasehold improvements		185	239
Property, plant and equipment	9	**55,958**	**57,106**
Investments in associates		8,690	7,093
Deposits		523	0
Deferred tax	14	1,136	0
Fixed asset investments	10	**10,349**	**7,093**
Fixed assets		**87,954**	**86,552**
Raw materials and consumables		24,503	23,780
Work in progress		17,471	16,566
Manufactured goods and goods for resale		54,014	52,677
Prepayments for goods		0	8
Inventories		**95,988**	**93,031**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Trade receivables		92,662	61,353
Contract work in progress	12	3,060	2,429
Receivables from group enterprises		2,040	0
Receivables from associates		6,142	5,522
Other receivables		5,568	9,952
Income tax receivable		142	1,898
Prepayments	13	2,276	12,127
Receivables		**111,890**	**93,281**
Other investments		0	38
Other investments		**0**	**38**
Cash		**18,038**	**14,943**
Current assets		**225,916**	**201,293**
Assets		**313,870**	**287,845**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		12,000	12,000
Revaluation reserve		9,717	19,056
Reserve for development expenditure		3,958	0
Other reserves		960	255
Retained earnings		51,438	47,746
Proposed dividend		35,000	18,500
Equity attributable to the Parent's owners		**113,073**	**97,557**
Share of equity attributable to minority interests		**1,361**	**2,357**
Equity		**114,434**	**99,914**
Deferred tax	14	3,948	3,906
Other provisions	15	17,925	9,441
Provisions		**21,873**	**13,347**
Mortgage debts		35,517	40,293
Bank loans		6,054	9,850
Other payables		412	273
Non-current liabilities other than provisions	16	**41,983**	**50,416**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Current portion of long-term liabilities other than provisions	16	5,405	6,007
Bank loans		7,000	4,186
Prepayments received from customers		24,851	22,490
Contract work in progress	12	2,692	15,139
Trade payables		36,571	25,911
Income tax payable		6,654	0
Other payables		45,815	43,212
Deferred income	17	6,592	7,223
Current liabilities other than provisions		**135,580**	**124,168**
Liabilities other than provisions		**177,563**	**174,584**
Equity and liabilities		**313,870**	**287,845**

Events after the balance sheet date	1
Associates	11
Contingent liabilities	19
Mortgages and securities	20
Transactions with related parties	21
Group relations	22
Subsidiaries	23

Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Revaluation reserve DKK'000	Reserve for development expenditure DKK'000	Other reserves DKK'000
Equity beginning of year	12,000	19,055	0	255
Effect of mergers and business combinations	0	0	0	0
Ordinary dividend paid	0	0	0	0
Exchange rate adjustments	0	0	0	0
Dividends from group enterprises	0	0	0	0
Transfer to reserves	0	(9,338)	0	705
Profit/loss for the year	0	0	3,958	0
Equity end of year	**12,000**	**9,717**	**3,958**	**960**

	Retained earnings DKK'000	Proposed dividend DKK'000	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	47,746	18,500	2,357	99,913
Effect of mergers and business combinations	0	0	(1,279)	(1,279)
Ordinary dividend paid	0	(18,500)	0	(18,500)
Exchange rate adjustments	(166)	0	(22)	(188)
Dividends from group enterprises	0	0	(96)	(96)
Transfer to reserves	8,633	0	0	0
Profit/loss for the year	(4,775)	35,000	401	34,584
Equity end of year	**51,438**	**35,000**	**1,361**	**114,434**

Consolidated cash flow statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Operating profit/loss		42,343	23,827
Amortisation, depreciation and impairment losses		13,934	13,425
Other provisions		8,484	0
Working capital changes	18	(21,388)	(16,287)
Profit from discontinued operations		(21)	0
Other adjustments		0	(258)
Cash flow from ordinary operating activities		**43,352**	**20,707**
Financial income received		346	643
Financial income paid		(2,080)	(2,869)
Income taxes refunded/(paid)		(1,464)	(3,041)
Other cash flows from operating activities		0	(3,872)
Cash flows from operating activities		**40,154**	**11,568**
Acquisition etc of intangible assets		(8,841)	(6,889)
Acquisition etc of property, plant and equipment		(9,501)	(3,361)
Acquisition of fixed asset investments		(1,464)	0
Dividends received from associates		6,868	1,127
Cash flows from investing activities		**(12,938)**	**(9,123)**
Loans raised		0	19,681
Instalments on loans etc		(8,434)	0
Dividend paid		(18,500)	(15,000)
Change minorities		0	(2,086)
Cash flows from financing activities		**(26,934)**	**2,595**
Increase/decrease in cash and cash equivalents		**282**	**5,040**
Cash and cash equivalents beginning of year		10,756	5,716
Cash and cash equivalents end of year		**11,038**	**10,756**
Cash and cash equivalents at year-end are composed of:			
Cash		18,038	14,943
Short-term debt to banks		(7,000)	(4,187)
Cash and cash equivalents end of year		**11,038**	**10,756**

Notes to consolidated financial statements

1. Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2. Discontinued operations

	2016 DKK'000
Income statement	
Revenue	263
Expenses	-289
Profit/loss for the period	**-26**
Profit/loss arising from disposal	5
Total effect on profit/loss	**-21**

Profit/loss from discontinued operations

During 2016, the Company's Management decided to dispose Ejendomsselskabet Industrivej 2 for which reason this company has been presented under discontinued operations.

Loss for the year after tax of Ejendomsselskabet Industrivej 2 is presented in a separate line in the income statement as ”Loss from discontinued operations” and amounts to DKK -21k for 2016.

The comparative figures for 2015 have not been adjusted for discontinued operations.

The loss from discontinued operations is specificed in main items above.

3. Revenue

	2016 DKK'000	2015 DKK'000
Revenue by geographical market		
Revenue EU	323,031	277,951
Revenue outside EU	279,073	230,732
	602,104	**508,683**
Revenue by activity		
Processing plants and equipment	354,784	281,134
Livestock farming and equipment	247,320	227,549
	602,104	**508,683**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
4. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	204	320
Other assurance engagements	0	390
Tax services	25	87
Other services	45	91
	274	**888**

	2016 DKK'000	2015 DKK'000
5. Staff costs		
Wages and salaries	131,079	134,761
Pension costs	14,778	14,411
Other social security costs	13,451	13,430
	159,308	**162,602**
Average number of employees	**446**	**454**

	Remunera-tion of manage-ment 2016 DKK'000	Remunera-tion of manage-ment 2015 DKK'000
Total amount for management categories	3,561	4,423
	3,561	**4,423**

	2016 DKK'000	2015 DKK'000
6. Other financial income		
Financial income arising from group enterprises	0	282
Other financial income	346	361
	346	**643**

	2016 DKK'000	2015 DKK'000
7. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	35,000	18,500
Transferred to other reserves	3,958	0
Retained earnings	(4,775)	2,177
Minority interests' share of profit/loss	401	200
	34,584	**20,877**

Notes to consolidated financial statements

	Completed develop-ment projects DKK'000	Acquired intangible assets DKK'000	Goodwill DKK'000	Develop-ment projects in progress DKK'000
8. Intangible assets				
Cost beginning of year	30,960	13,550	3,794	0
Exchange rate adjustments	(34)	(22)	0	0
Transfers	(931)	0	0	2,888
Additions	5,428	166	718	2,530
Disposals	0	(24)	0	(2,327)
Cost end of year	**35,423**	**13,670**	**4,512**	**3,091**
Amortisation and impairment losses beginning of year	(16,145)	(8,191)	(1,615)	0
Exchange rate adjustments	12	7	0	0
Transfers	(1,958)	0	0	0
Amortisation for the year	(5,002)	(1,739)	(437)	0
Reversal regarding disposals	0	19	0	0
Amortisation and impairment losses end of year	**(23,093)**	**(9,904)**	**(2,052)**	**0**
Carrying amount end of year	**12,330**	**3,766**	**2,460**	**3,091**

Development projects in progress

Development projects in progress comprise SKIOLD´s range of products. The costs consist, in all material respects, of costs relating to payroll and direct costs registered through the project ledger in the ERP system. The carrying amount of development projects in progress amounts to DKK 3,091k at 31 December 2016. The projects in progress are expected to be completed within the next two years. Management expects additional costs of approx. DKK 3,500k relating to the projects in progress before they can be completed.

Completed development projects

Completed development projects comprise milling components, pig house solutions, grain handling equipment, software etc. The projects are completed on a continuous basis and are amortised over a maximum period of 5 years.

The individual development projects consist of products included as components or in a project for which reason there is no calculation of contribution margin per development project. Contribution margins, however, are calculated per product line, which are all satisfactory and contribute to supporting Management's decision not to amortise completed development projects.

Notes to consolidated financial statements

Impairment testing of development projects

In 2016, Management made an impairment test of the carring amount of the development projects. It is assessed that the recoverable amount by way of value in use exceeds the carrying amount. The value in use is calculated based on estimated earnings on the basis of expectations for the coming years.

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
9. Property, plant and equipment				
Cost beginning of year	75,732	64,449	12,195	470
Addition through business combinations etc	0	296	0	0
Disposals on divestments etc	(12,910)	0	0	0
Exchange rate adjustments	(634)	(688)	(83)	0
Transfers	0	11,770	79	0
Additions	7,699	806	996	0
Disposals	0	(275)	(708)	0
Cost end of year	**69,887**	**76,358**	**12,479**	**470**
Revaluations beginning of year	19,909	0	0	0
Reversal regarding disposals	2,047	0	0	0
Revaluations end of year	**21,956**	**0**	**0**	**0**
Depreciation and impairment losses beginning of the year	(55,324)	(49,997)	(10,202)	(232)
Exchange rate adjustments	218	359	69	0
Transfers	0	(11,711)	(79)	0
Depreciation for the year	(2,183)	(3,394)	(775)	(53)
Reversal regarding disposals	7,204	253	655	0
Depreciation and impairment losses end of the year	**(50,085)**	**(64,490)**	**(10,332)**	**(285)**
Carrying amount end of year	**41,758**	**11,868**	**2,147**	**185**

Notes to consolidated financial statements

	Investments in associates DKK'000	Deposits DKK'000	Deferred tax DKK'000
10. Fixed asset investments			
Cost beginning of year	5,876	0	0
Additions	0	523	1,136
Cost end of year	**5,876**	**523**	**1,136**
Revaluations beginning of year	1,217	0	0
Exchange rate adjustments	365	0	0
Share of profit/loss for the year	3,232	0	0
Dividend	(2,000)	0	0
Revaluations end of year	**2,814**	**0**	**0**
Carrying amount end of year	**8,690**	**523**	**1,136**

	Registered in	Equity interest %
11. Associates		
Skiold VMS	Australia	50.0

	2016 DKK'000	2015 DKK'000
12. Contract work in progress		
Contract work in progress	2,754	910
Progress billings regarding contract work in progress	(2,386)	(13,620)
Transferred to liabilities other than provisions	2,692	15,139
	3,060	**2,429**

13. Prepayments

Prepayments comprise incurred cost relating to subsequent financial year. Prepayments is prepaid insurance and other prepaid costs.

Notes to consolidated financial statements

	2016 DKK'000
14. Deferred tax	
Intangible assets	4,791
Property, plant and equipment	4,268
Inventories	77
Receivables	12
Provisions	(2,716)
Tax losses carried forward	(3,620)
	2,812
Changes during the year	
Beginning of year	3,906
Recognised in the income statement	(1,087)
Recognised directly in equity	(7)
End of year	**2,812**

Deferred tax is recognised DKK 1,136k as assets and DKK 3,948k as liabilities.

15. Other provisions

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

	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000	Outstanding after 5 years DKK'000
16. Liabilities other than provisions				
Mortgage debts	5,405	2,155	35,517	28,889
Bank loans	0	0	6,054	0
Debt to other credit institutions	0	3,804	0	0
Other payables	0	48	412	0
	5,405	**6,007**	**41,983**	**28,889**

17. Short-term deferred income

Short-term deferred income compromises received income for recognition in subsequent financial years.

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
18. Change in working capital		
Increase/decrease in inventories	(2,958)	(12,626)
Increase/decrease in receivables	(20,406)	(16,369)
Increase/decrease in trade payables etc	1,945	12,708
Other changes	31	0
	(21,388)	**(16,287)**

19. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Thoraso ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

20. Mortgages and securities

Group enterprises has provided a business charge of DKK 1,575k secured on certain tools, equipment, machinery, goodwill and lease rights as security for bank loans. The carrying amount of the secured assets amount to DKK 7,177k.

The Group has provided security for bank loans of DKK 1,739k on certain shares. The carrying amount of the shares amount to DKK 1,776k.

	Associates DKK'000
21. Transactions with related parties	
Revenue from associates	20,698
Receivables	6,142

All transactions were made on terms aquivalent to arm's length principles.
Apart from distribution of dividends, there have been no transactions with the shareholders.

22. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Thoraso ApS

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
SKIOLD Holding A/S

Notes to consolidated financial statements

	Registered in	Equity interest %
23. Subsidiaries		
SKIOLD Ukrain	Ukrain	100.0
SKIOLD France	France	100.0
LLC SKIOLD	Russia	100.0
SKIOLD Datamix AB	Sweden	90.0
SKIOLD Qingdao	China	98.0
SKIOLD BL	Poland	100.0
SKIOLD Bemvig	Spain	50.0
SKIOLD GMBH	Germany	100.0

Parent income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	2	445,756	372,037
Other operating income		582	1,330
Costs of raw materials and consumables		(270,007)	(200,970)
Other external expenses	3	(33,166)	(32,888)
Gross profit/loss		**143,165**	**139,509**
Staff costs	4	(108,587)	(106,869)
Depreciation, amortisation and impairment losses		(8,425)	(8,568)
Other operating expenses		(674)	(608)
Operating profit/loss		**25,479**	**23,464**
Income from investments in group enterprises		11,835	261
Income from investments in associates		2,911	2,896
Other financial income	5	335	526
Other financial expenses	6	(793)	(1,524)
Profit/loss before tax		**39,767**	**25,623**
Tax on profit/loss for the year		(5,584)	(4,946)
Profit/loss for the year	7	**34,183**	**20,677**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Completed development projects		7,290	8,835
Acquired intangible assets		3,401	4,704
Development projects in progress		2,369	0
Intangible assets	8	**13,060**	**13,539**
Land and buildings		28,765	22,469
Plant and machinery		3,213	4,765
Other fixtures and fittings, tools and equipment		1,047	1,039
Leasehold improvements		185	239
Property, plant and equipment	9	**33,210**	**28,512**
Investments in group enterprises		40,356	35,080
Receivables from group enterprises		357	359
Investments in associates		10,132	7,093
Deposits		523	0
Fixed asset investments	10	**51,368**	**42,532**
Fixed assets		**97,638**	**84,583**
Raw materials and consumables		7,476	5,348
Work in progress		12,383	10,564
Manufactured goods and goods for resale		44,824	44,382
Inventories		**64,683**	**60,294**
Trade receivables		59,306	39,179
Contract work in progress	11	2,434	2,050
Receivables from group enterprises		16,523	23,717
Receivables from associates		6,142	5,522
Other receivables		859	1,148
Income tax receivable		0	2,045
Prepayments	12	1,573	11,589
Receivables		**86,837**	**85,250**
Cash		**1,077**	**7,439**
Current assets		**152,597**	**152,983**
Assets		**250,235**	**237,566**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital	13	12,000	12,000
Revaluation reserve		9,717	19,056
Reserve for development expenditure		2,954	0
Retained earnings		53,401	48,001
Proposed dividend		35,000	18,500
Equity		**113,072**	**97,557**
Deferred tax	14	4,479	8,571
Other provisions	15	16,219	8,018
Provisions		**20,698**	**16,589**
Mortgage debts		35,516	37,665
Non-current liabilities other than provisions	16	**35,516**	**37,665**
Current portion of long-term liabilities other than provisions	16	2,000	2,047
Bank loans		2,109	0
Prepayments received from customers		12,349	20,278
Contract work in progress	11	2,597	15,139
Trade payables		21,700	13,640
Payables to group enterprises		1,110	5,631
Income tax payable		6,314	0
Other payables		32,770	29,020
Current liabilities other than provisions		**80,949**	**85,755**
Liabilities other than provisions		**116,465**	**123,420**
Equity and liabilities		**250,235**	**237,566**
Events after the balance sheet date	1		
Contingent liabilities	17		
Mortgages and securities	18		
Related parties with controlling interest	19		
Transactions with related parties	20		

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Revaluation reserve DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000
Equity beginning of year	12,000	19,055	0	48,001
Ordinary dividend paid	0	0	0	0
Exchange rate adjustments	0	0	0	(167)
Transfer to reserves	0	(9,338)	0	9,338
Profit/loss for the year	0	0	2,954	(3,771)
Equity end of year	**12,000**	**9,717**	**2,954**	**53,401**

	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	18,500	97,556
Ordinary dividend paid	(18,500)	(18,500)
Exchange rate adjustments	0	(167)
Transfer to reserves	0	0
Profit/loss for the year	35,000	34,183
Equity end of year	**35,000**	**113,072**

Notes to parent financial statements

1. Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

	2016 DKK'000	2015 DKK'000
2. Revenue		
Revenue by geographical market		
Revenue EU	189,131	160,859
Revenue outside EU	256,625	211,178
	445,756	**372,037**
Revenue by activity		
Processing plants and equipment	283,288	214,595
Livestock farming and equipment	162,468	157,442
	445,756	**372,037**

3. Other external expenses

Fees to the auditor appointed by the annual general meeting

See consolidated financial statements.

	2016 DKK'000	2015 DKK'000
4. Staff costs		
Wages and salaries	93,356	92,915
Pension costs	13,427	11,951
Other social security costs	1,804	2,003
	108,587	**106,869**
Average number of employees	**232**	**228**

	Remuneration of management 2016 DKK'000	Remuneration of management 2015 DKK'000
Total amount for management categories	3,561	4,422
	3,561	**4,422**

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
5. Other financial income		
Financial income arising from group enterprises	80	282
Other financial income	255	244
	335	**526**

	2016 DKK'000	2015 DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	48	233
Other financial expenses	745	1,291
	793	**1,524**

	2016 DKK'000	2015 DKK'000
7. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	35,000	18,500
Transferred to other reserves	2,954	0
Retained earnings	(3,771)	2,177
	34,183	**20,677**

	Completed develop-ment projects DKK'000	Acquired intangible assets DKK'000	Develop-ment projects in progress DKK'000
8. Intangible assets			
Cost beginning of year	21,809	11,385	0
Transfers	1,169	0	788
Additions	2,457	166	1,632
Disposals	0	0	(51)
Cost end of year	**25,435**	**11,551**	**2,369**
Amortisation and impairment losses beginning of year	(12,975)	(6,681)	0
Transfers	(1,957)	0	0
Amortisation for the year	(3,213)	(1,469)	0
Amortisation and impairment losses end of year	**(18,145)**	**(8,150)**	**0**
Carrying amount end of year	**7,290**	**3,401**	**2,369**

Notes to parent financial statements

Development projects in progress

Development projects in progress comprise SKIOLD´s range of products. The costs consist, in all material respects, of costs relating to payroll and direct costs registered through the project ledger in the ERP system.

The carrying amount of development projects in progress amounts to DKK 2,369k at 31 December 2016. The projects in progress are expected to be completed within the next two years. Management expects additional costs of approx. DKK 3,000K relating to the projects in progress before they can be completed.

Completed development projects

Completed development projects comprise milling components, pig house solutions, grain handling equipment, software etc. The projects are completed on a continuous basis and are amortised over a maximum period of 5 years.

The individual development projects consist of products included as components or in a project for which reason there is no calculation of contribution margin per development project. Contribution margins, however, are calculated per product line, which are all satisfactory and contribute to supporting Management's decision not to amortise completed development projects.

Impairment testing of development projects

In 2016, Management made an impairment test of the carring amount of the development projects. It is assessed that the recoverable amount by way of value in use exceeds the carrying amount. The value in use is calculated based on estimated earnings on the basis of expectations for the coming years.

Notes to parent financial statements

9. Property, plant and equipment	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
Cost beginning of year	34,454	43,203	7,744	470
Transfers	0	11,770	79	0
Additions	7,667	296	478	0
Disposals	0	0	(215)	0
Cost end of year	**42,121**	**55,269**	**8,086**	**470**
Revaluations beginning of year	21,956	0	0	0
Revaluations end of year	**21,956**	**0**	**0**	**0**
Depreciation and impairment losses beginning of the year	(33,941)	(38,437)	(6,705)	(232)
Transfers	0	(11,770)	(79)	0
Depreciation for the year	(1,371)	(1,849)	(470)	(53)
Reversal regarding disposals	0	0	215	0
Depreciation and impairment losses end of the year	**(35,312)**	**(52,056)**	**(7,039)**	**(285)**
Carrying amount end of year	**28,765**	**3,213**	**1,047**	**185**

Notes to parent financial statements

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Investments in associates DKK'000	Deposits DKK'000
10. Fixed asset investments				
Cost beginning of year	23,647	357	9,084	0
Additions	1,464	0	0	523
Disposals	(4,831)	0	0	0
Cost end of year	**20,280**	**357**	**9,084**	**523**
Revaluations beginning of year	9,668	0	(228)	0
Disposals on divestments etc	4,791	0	0	0
Exchange rate adjustments	(531)	0	365	0
Amortisation of goodwill	(117)	0	(321)	0
Share of profit/loss for the year	12,350	0	3,232	0
Adjustment of intra-group profits	(398)	0	0	0
Dividend	(4,150)	0	(2,000)	0
Investments with negative equity depreciated over receivables	(1,462)	0	0	0
Other adjustments	(75)	0	0	0
Revaluations end of year	**20,076**	**0**	**1,048**	**0**
Carrying amount end of year	**40,356**	**357**	**10,132**	**523**

The carrying amount of group enterprises consists of a share of equity value in group enterprises of DKK 39,340 and goodwill of a carrying amount of DKK 1,016K.

The carrying amount of associates consists of a share of equity value in associates of DKK 8,690k and goodwill of a carrying amount of DKK 1,442K.

	Registered in	Equity inte-rest %
Investments in associates comprise:		
Skiold VMS	Australia	50.0

Notes to parent financial statements

11. Contract work in progress	2016 DKK'000	2015 DKK'000
Contract work in progress	2,129	531
Progress billings regarding contract work in progress	(2,292)	(13,620)
Transferred to liabilities other than provisions	2,597	15,139
	2,434	**2,050**

12. Prepayments

Prepayments comprise incurred cost relating to subsequent financial year. Prepayments is prepaid insurance and other prepaid costs.

13. Contributed capital	Number	Par value DKK'000	Nominal value DKK'000
Ordinary shares	12,000	1	12,000
	12,000		**12,000**

14. Deferred tax	2016 DKK'000
Intangible assets	2,873
Property, plant and equipment	3,409
Inventories	718
Receivables	(50)
Provisions	(2,471)
	4,479

Changes during the year	
Beginning of year	8,571
Recognised in the income statement	(4,092)
End of year	**4,479**

Deferred tax is recognised DKK 4,479k as liabilities.

15. Other provisions

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

Notes to parent financial statements

16. Liabilities other than provisions	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000	Outstanding after 5 years DKK'000
Mortgage debts	2,000	2,047	35,516	27,995
	2,000	**2,047**	**35,516**	**27,995**

17. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Thoraso ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

18. Mortgages and securities

The entity has issued a mortgage deed registered to mortgagor of DKK 1,500k, which is secured on certain tools, equipment, machinery, goodwill and lease rights as security for bank loans. The carrying amount of the secured assets exceeds the nominal value of the mortgage.

The entity has issued a mortgage deed registered to mortgagor of DKK 7,000k, which is secured on land and buildings for mortgage debts. The carrying amount of the secured land and buildings amount to DKK 28,765k.

19. Related parties with controlling interest

The parent company SKIOLD Holding ApS and the ultimate parent company Thoraso ApS has the controlling influence.

20. Transactions with related parties	Subsidiaries DKK'000	Associates DKK'000
Revenue from associates	0	20,649
Revenue from group enterprises	42,099	0
Interest income from group enterprises	80	0
Interest expense from group enterprises	48	0
Receivables	16,523	6,142
Liabilities other than provisions	1,110	0

All transactions were made on terms aquivalent to arm's length principles.

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

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

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Accounting policies

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

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

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement
Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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

Accounting policies

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

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

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

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

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

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Accounting policies

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet
Goodwill
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 5 to 10years.

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

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

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

Accounting policies

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects, protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 3-7 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Land and Buildings	25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5 years

Residual value of property, plant equipment is 0 DKK.

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are stratically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

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

Accounting policies

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

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

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

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

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

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

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

Other investments
Securities recognised under current assets comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash
Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests
Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

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

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

If goods are sold on approval, a provision is made for the mark-up on the goods estimated to be returned as well as any expenses related to the returns.

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

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

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

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at

Accounting policies

amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

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

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.

The cash flow statement has only been prepared for the group consolidated figures.