Graintec A/S

Enghavevej 40, 7100 Vejle, Denmark

CVR no. 73 42 22 13

Annual report 2015

Approved at the Company's annual general meeting on 21 March 2016

Chairman:

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Henrik Hougaard

Building a better
working world

Contents

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 Graintec A/S for the financial year 1 January - 31 December 2015.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2015 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January - 31 December 2015.

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

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

Vejle, 21 March 2016
Executive Board:

Niels Pedersen
CEO

Board of Directors:

Henrik Hougaard Chairman	Jens Frode Rasmussen	John Christian Aasted
Morten Bagger Larsen	Per Strømgaard Sørensen	

Independent auditors' report

To the shareholders of Graintec A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Graintec A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Aarhus, 21 March 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Tom B. Lassen
State Authorised
Public Accountant

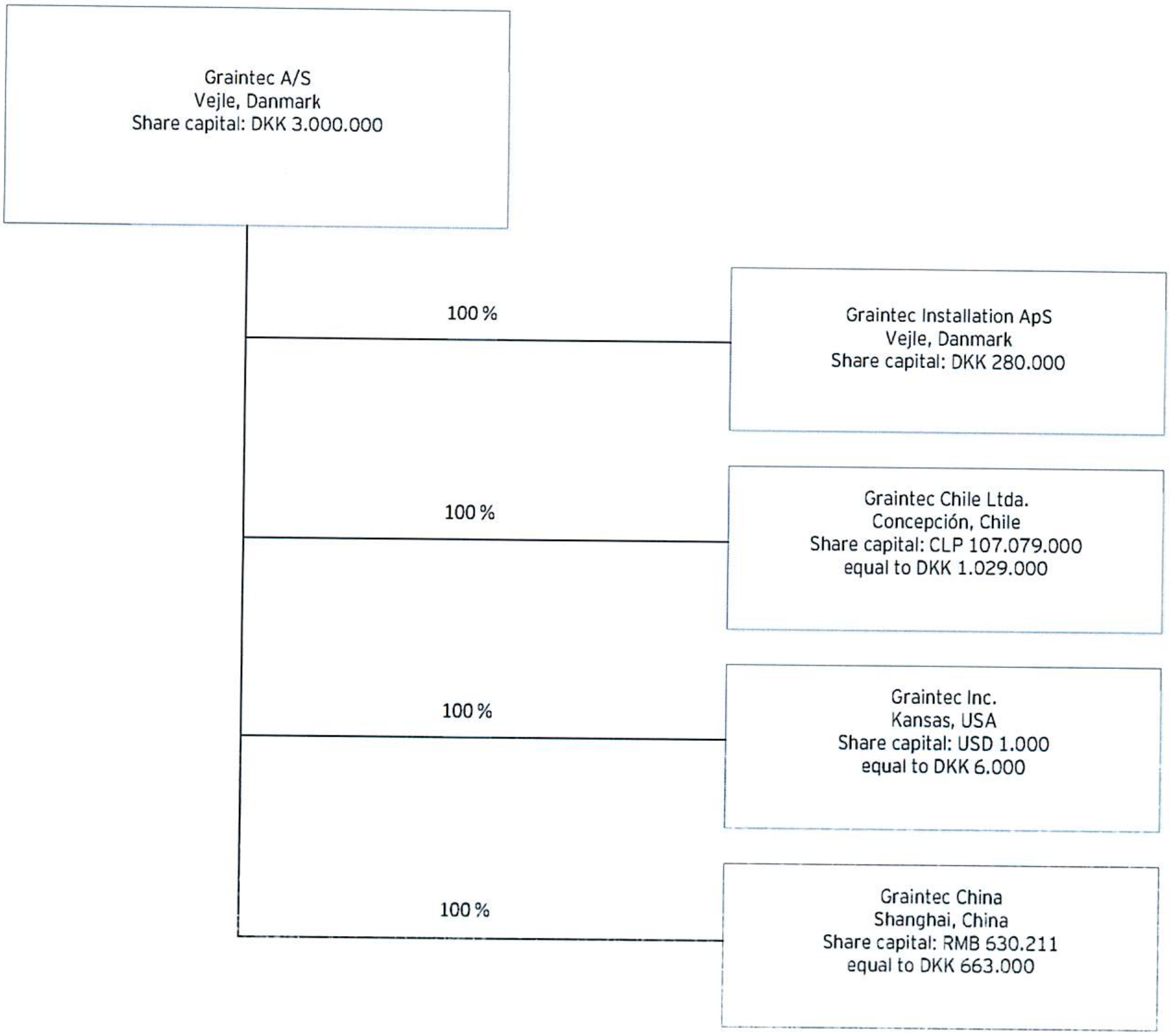
Management's review

Company details

Name	Graintec A/S
Address, zip code, city	Enghavevej 40, 7100 Vejle, Denmark
CVR no.	73 42 22 13
Established	30 April 1984
Registered office	Vejle
Financial year	1 January - 31 December
Website	www.graintec.com
E-mail	mail@graintec.com
Telephone	+45 76 43 69 10
Board of Directors	Henrik Hougaard, Chairman Jens Frode Rasmussen John Christian Aasted Morten Bagger Larsen Per Strømgaard Sørensen
Executive Board	Niels Pedersen, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, Postboks 330, 8100 Aarhus C

Management's review

Group chart



Company details - subsidiaries

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Concepción, Chile

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Telefax: +56 412 910 512
Mail: chile@graintec.com

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Kansas City, MO 64111

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Graintec China Ltd.
Room 402, Tower B
Ming Gu Technology Park, Minhand District
Shanghai 201101, China

Phone: +86 139 18 52 42 39
Mail china@graintec.com

Management's review

Financial highlights for the Group

DKK'000	2015	2014	2013	2012	2011
Key figures					
Revenue	170.201	386.493	306.651	198.462	239.870
Ordinary operating profit/loss	3.199	17.884	16.763	6.066	8.933
Profit/loss from financial income and expense	-13	732	1.240	357	794
Profit/loss for the year	**1.222**	**15.496**	**12.042**	**5.022**	**6.972**
Total assets	113.349	151.726	169.175	137.435	132.801
Portion relating to investment in property, plant and equipment	26.437	26.978	26.568	29.801	29.861
Equity	**27.101**	**40.477**	**33.975**	**23.930**	**25.283**
Cash flows from operating activities	-34.982	27.003	83.705	-3.471	-32.528
Net cash flows from investing activities	-544	-1.520	-1.042	-699	-4.000
Cash flows from financing activities	-14.453	-8.992	0	-6.935	-9.000
Total cash flows	**-49.979**	**16.491**	**82.663**	**-11.105**	**-45.528**
Financial ratios					
Operating margin	1,9 %	4,6 %	5,5 %	3,1 %	3,7 %
Return on investment	2,8 %	11,8 %	9,9 %	4,4 %	6,7 %
Return on equity	3,6 %	41,6 %	41,6 %	20,4 %	26,8 %
Solvency ratio	24,5 %	26,9 %	20,1 %	17,4 %	19,0 %
Average number of full-time employees	**93**	**92**	**83**	**64**	**58**

The financial ratios have been prepared in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Operating review

Principal activities of the Group

The Company's main activities are consulting, project development, installation and service work related to high efficient production facilities for the feed industry. The Company undertakes EPC contracts, including production facilities, factory plants and auxiliaries. The main segments served are the aqua feed and pet food manufacturing industries using pelletizing or extrusion technology. Activities are mainly spread across Europe, Americas and Asia. Further information about the Company can be found on www.graintec.com or by contacting the main office in Denmark on +45 76 436 910 or e-mail mail@graintec.com

Development in activities and financial matters

The PBT result for 2015 is not acceptable. Turnover is significantly below last year's performance due to a high level of consultancy work combined with low order intake during 2014 and the first half of 2015. The low level was expected, and the result for 2015 is according to budget.

Market development

The Company expects to maintain its market position as leading supplier to the high edge feed industry. Further, the Company will continue to develop its global market position in the aqua feed and pet food industry.

The Company continues to leverage on local representations currently established in Chile, China and the USA. Further subsidiaries may be established when and where appropriate.

The aqua feed industry is in a favourable position and is expected to continue to grow at average rates of 3-10%. In the North Atlantic region, development in volume of 5-8% a year is expected due to the general stability in the sales price of salmon produced in the region. In Chile, the aqua feed development is expected to be 0% and continues to be below the all-time high volume levels in 2008 that were dramatically reduced because of the ISA fish disease that hit salmon farmers and severely reduced the demand for feed. In other areas, the aqua feed industry will have yearly growth rates in the range of 3-10% with high fluctuations from region to region.

The pet food industry is continuously growing on a global scale, but the industry is being met with new food safety standards as well as increased competition. Global yearly growth rates are expected to be in the range of 3-8% compared to 4% in 2015. Further investments are expected to focus on compliance to meet new standards and legislation.

Both segments are expecting to focus on reducing operational costs, improving efficiency, optimizing nutrition values, improving technical quality, lowering energy consumption as well as environmental contamination caused during production, and most of all, focus on safe production and compliances with new standards and legislation.

Shares

Share capital is divided between 2.7 million Class A-shares and 0.3 million Class B-shares.

Outlook

Continued development of Graintec's core competencies as well as meeting tomorrow's industry demands are essential for the Company.

The Company focuses on serving its clients with extremely competent and qualified staff dedicated to success. Employing new qualified staff as well as maintaining and developing employees' skills are a key focus area.

Management's review

Operating review

Our order book at end-2015 is at a comfortable level, and outlook for 2016 is promising.

In 2016 and 2017, the Company therefore expects to see growing profit and turnover compared to previous years.

Financial statements

It is our opinion that the presented financial statements gives a true and fair picture of the Company's assets, liabilities and financial position, and describes all the Company's significant risks and opportunities. Since the closing of the accounts, no events have occurred that change our view on the information in the financial statements for 2015 or in our expectations for 2016.

Quality

The Company acts in accordance with the ISO 9001:2008 standards and develops and maintains internal processes and procedures across all departments to ensure consistent high quality as well as customer satisfaction and to meet documentation requirements.

Risks

General risks

A significant part of the Company's Group activities are performed in foreign countries, and therefore foreign exchange fluctuations are a risk for the Company. The Company mainly invoices in DKK and EUR while purchases are in CLP, DKK, EUR, GBP, NOK, RMB and USD. In accordance with company procedures, all significant operational exchange exposures are hedged by forward exchange contracts. EUR/DKK transfers are not considered an exchange risk.

Risk of customer default is managed through down payments, cash flow management as well as bank guarantees.

Financial risks

The liquidity position together with unused credit facilities amount to 31 mill. DKK in the parent company and 41 mill. DKK in the Group total.

CSR

The Company continually strives for a safe working environment for employees and suppliers. The Company has no written CSR policies regarding the climate and human rights; however, client solutions as well as internal energy consumption and other environmental impacts are in focus in our day-to-day work.

It is the Company's intention that at least 25% of both genders should be represented on the Board by 2018. Currently, all 5 members are males. During 2015 2 employee representatives has been appointed to the board. Apart from employee representatives no other changes has been made since 2014 as there has not been election to the Board during 2015.

It is the Company's goal that the organization as well as the management team should reflect society in general. To increase the level of female employees, it is the Company's objective that both genders should be represented amongst the three final candidates in the recruitment process. 29% of Group employees are females, which is an improvement of approximately 5% on last year.

The Company employs many different nationalities, and currently 13% of the employees working in the head office in Vejle do not have a Danish background.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
2	**Revenue**	170.201	386.493	127.273	325.893
	Production costs	-135.234	-335.365	-108.888	-276.260
	Gross profit	34.967	51.128	18.385	49.633
	Distribution costs	-11.796	-15.031	-9.756	-11.995
	Administrative expenses	-19.972	-18.213	-13.126	-13.091
	Ordinary operating	3.199	17.884	-4.497	24.547
	Other operating income	76	0	76	0
	Other operating costs	-96	-19	-96	-19
	Operating profit	3.179	17.865	-4.517	24.528
11	Share of profit/loss in subsidiaries after tax	0	0	5.885	-7.860
4	Financial income	1.138	936	1.206	900
5	Financial expenses	-1.151	-204	-912	-192
	Profit from activities before tax	3.166	18.597	1.662	17.376
6	Tax on profits from activities	-1.944	-3.101	-440	-1.880
	The Group's share of profit/loss for the year	1.222	15.496	1.222	15.496
	Proposed profit appropriation				
	Proposed dividends			0	14.475
	Reserve for net revaluation under the equity method			1.915	1.965
	Retained earnings			-693	-944
				1.222	15.496

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
	ASSETS				
	Non-current assets				
7,8	**Intangible assets**				
	Acquired intangible assets	71	197	0	153
		71	197	0	153
9,10	**Property, plant and equipment**				
	Land and buildings	24.459	24.524	24.459	24.524
	Fixtures and fittings, tools and equipment	1.978	2.454	1.537	1.865
		26.437	26.978	25.996	26.389
11	**Investments**				
	Investments in subsidiaries	0	0	5.858	3.943
		0	0	5.858	3.943
	Total non-current assets	26.508	27.175	31.854	30.485
	Current assets				
	Receivables				
	Trade receivables	36.482	23.785	21.627	12.028
12	Work in progress for third parties	6.815	6.608	7.087	5.655
	Receivables from group entities	0	0	8.129	5.614
15	Deferred tax	467	504	0	0
18	Corporation tax receivable	832	2.775	832	3.313
	Other receivables	5.702	5.222	31	252
13	Prepayments	1.669	1.265	1.669	1.027
		51.967	40.159	39.375	27.889
	Securities and investments	13.632	14.271	13.632	14.271
	Cash at bank and in hand	21.242	70.121	11.694	59.782
	Total current assets	86.841	124.551	64.701	101.942
	TOTAL ASSETS	113.349	151.726	96.555	132.427

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
	EQUITY AND LIABILITIES				
	Equity				
14	Share capital	3.000	3.000	3.000	3.000
	Revaluation reserve	7.216	6.740	7.216	6.740
	Net revaluation reserve according to the equity method	0	0	3.880	1.965
	Retained earnings	16.885	16.262	13.005	14.297
	Proposed dividends	0	14.475	0	14.475
	Total equity	27.101	40.477	27.101	40.477
	Provisions				
15	Deferred tax	1.439	1.694	1.439	1.694
16	Other provisions	2.602	7.997	2.406	7.506
	Provision, investments in group entities	0	0	0	5.303
	Total provisions	4.041	9.691	3.845	14.503
	Liabilities other than provisions				
	Non-current liabilities other than provisions				
17	Mortgage credit institutions	8.789	8.767	8.789	8.767
		8.789	8.767	8.789	8.767
	Current liabilities other than provisions				
17	Bank debt	463	2	463	2
12	Work in progress for third party	38.567	37.620	32.973	31.112
	Trade payables	21.293	32.901	13.885	20.834
	Payables to group entities	0	0	103	0
18	Corporation tax payable	1.585	2.502	271	2.502
	Other payables	11.510	19.766	9.125	14.230
		73.418	92.791	56.820	68.680
	Total liabilities other than provisions	82.207	101.558	65.609	77.447
	TOTAL EQUITY AND LIABILITIES	113.349	151.726	96.555	132.427

1 Accounting policies
19 Staff costs and incentive programmes
20 Contractual obligations and contingencies, etc.
21 Collateral
22 Related party disclosures

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Statement of changes in equity

DKK'000	Consolidated				
	Share capital	Revaluation reserve	Retained earnings	Proposed dividends	Total
Equity at 1 January 2014	3.000	6.204	15.798	8.973	33.975
Dividends	0	0	0	14.475	14.475
Dividend distributed	0	0	0	-8.973	-8.973
Profit/loss for the year	0	0	1.021	0	464
Revaluation	0	688	0	0	688
Exchange adjustment	0	0	-557	0	0
Tax on changes in equity	0	-152	0	0	-152
Equity at 1 January 2015	3.000	6.740	16.262	14.475	40.477
Dividends	0	0	0	0	0
Dividend distributed	0	0	0	-14.475	-14.475
Profit/loss for the year	0	0	1.222	0	1.222
Revaluation	0	611	0	0	611
Exchange adjustment	0	0	-599	0	-599
Tax on changes in equity	0	-135	0	0	-135
Equity at 31 December 2015	3.000	7.216	16.885	0	27.101

DKK'000	Parent company					
	Share capital	Revaluation reserve	Net revaluation reserve according to the equity method	Retained earnings	Proposed dividends	Total
Equity at 1 January 2014	3.000	6.204	0	15.798	8.973	33.975
Dividends	0	0	0	0	14.475	14.475
Dividend distributed	0	0	0	0	-8.973	-8.973
Profit/loss for the year	0	0	1.965	-944	0	1.021
Revaluation	0	688	0	0	0	688
Exchange adjustment	0	0	0	-557	0	-557
Tax on changes in equity	0	-152	0	0	0	-152
Equity at 1 January 2015	3.000	6.740	1.965	14.297	14.475	40.477
Dividends	0	0	0	0	0	0
Dividend distributed	0	0	0	0	-14.475	-14.475
Profit/loss for the year	0	0	1.915	-693	0	1.222
Revaluation	0	611	0	0	0	611
Exchange adjustment	0	0	0	-599	0	-599
Tax on changes in equity	0	-135	0	0	0	-135
Equity at 31 December 2015	3.000	7.216	3.880	13.005	0	27.101

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Cash flow statement

Note	DKK'000	Consolidated 2015	Consolidated 2014
	Profit/Loss before tax	3.166	18.597
	Depreciation and amortisation	1.809	2.389
	Other adjustments of non-cash operating items	0	19
	Exchange adjustment	-599	-557
	Cash generated from operations (operating activities) before changes in working capital	4.376	20.448
23	Changes in working capital	-38.100	15.493
	Cash generated from operations (operating activities)	-33.724	35.941
	Corporation tax paid	-1.258	-8.938
	Cash flows from operating activities	-34.982	27.003
	Acquisition of intangible assets	-39	-50
	Acquisition of property, plant and equipment	-1.550	-1.479
	Disposal of property, plant and equipment	1.045	45
	Payments relating to extraordinary items	0	-36
	Cash flows from investing activities	-544	-1.520
	External financing:		
	Repayment of long-term debt	22	-19
	Shareholders:		
	Dividends paid	-14.475	-8.973
	Cash flows from financing activities	-14.453	-8.992
	Net cash flows from operating, investing and financing activities	-49.979	16.491
	Cash and cash equivalents at 1 January	84.390	67.899
24	Cash and cash equivalents at 31 December	34.411	84.390

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company's financial statements.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 **Accounting policies**

The annual report of Graintec A/S for 2015 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Graintec A/S, and subsidiaries in which Graintec A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

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 at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date 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.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the year, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries which are integral 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 acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

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

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or associates are recognised directly in equity.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

When entering into sales contracts that consist of several separate components, the contract amount is allocated by the individual components based on the relative fair value approach. The separate components are recognised as revenue when the criteria applicable to sale of goods, services or construction contracts have been met.

A contract is allocated by individual components when the fair value of these individual components can be reliably measured and when each component represents a separate value to the buyer. Sales components are deemed to represent a separate value to the buyer when the component is individually identifiable and is normally sold separately.

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Revenue from construction contracts

Construction contracts are recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method). When income from a construction contract cannot be estimated reliably, revenue is recognised only corresponding to the costs incurred to the extent that it is probable that they will be recovered.

The stage of completion is determined by reference to the proportion of costs incurred to the latest cost estimate.

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation of equipment.

Also, provision for losses on construction contracts is recognised.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for group management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation.

Other operating income

Other operating income comprises items secondary to the activities of the enterprises, including gains on disposal of intangible assets and property, plant and equipment.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other operating costs

Other operating costs comprise items secondary to the activities of the enterprises, including losses on disposal of intangible assets and property, plant and equipment.

Share of profit/loss in subsidiaries after tax

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated income statement and the parent company income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, 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.

Tax on profit/loss for the year

The parent company is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries and the Group is also jointly taxed with foreign subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the Danish jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year - due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Patents and licences

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence period, although not exceeding 5 years.

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

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. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

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.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Production buildings	57 years
Installations	15 years
Fixtures and fittings, tools and equipment	3-5 years

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

Land and buildings are revalued at fair value. Revaluations and reversals hereof, less deferred tax, are taken directly to equity. The fair value is made up on the basis of an external assessment based on discounted cash flows.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Graintec A/S are not recognised in the reserve for net revaluation.

On acquisition of subsidiaries, the acquisition method is applied; see Consolidated financial statements above.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries and associates 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.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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 receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

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 and the Group's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected 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.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Construction contracts

Construction contracts are measured at 97 % of the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract.

When the selling price of a construction contract cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Individual construction contracts are recognised in the balance sheet under either receivables or payables. Net assets are determined as the sum of construction contracts where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of construction contracts where progress billings exceed the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Securities and investments

Securities and investments, comprising listed securities and bonds, are measured at fair value at the balance sheet date. Unlisted securities are measured at fair value based on a calculated value in use.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

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

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

Provisions comprise anticipated costs related to warranties, losses on work in progress, restructurings, etc. Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranties comprise obligations to make good any defects within the liability for defect-period. Provisions for warranties are measured at net realisable value and recognised based on past experience.

If it is likely that total costs will exceed total income from a construction contract, a provision is made for the total loss anticipated on the contract. The provision is recognised in production costs.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net 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 the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Group's accounting policies, risks and internal financial management.

Segment assets comprise assets used directly in the revenue generating activities of the segment.

Segment liabilities comprise liabilities resulting from the operating activities of the segment, including trade payables and other payables.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
Return on investment	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Total equity} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit for the year after tax} \times 100}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

	DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
2	**Segment information**				
	Total revenue	170.201	386.493	127.273	325.893
	Scandinavia	93.321	257.823	93.321	257.823
	Rest of world	76.880	128.670	33.952	68.070
		170.201	386.493	127.273	325.893
3	**Fees paid to auditors appointed at the annual general meeting**				
	Total fees to EY	635	543	416	385
	Fee regarding statutory audit	375	282	229	144
	Other assistance	260	261	187	241
		635	543	416	385
4	**Financial income**				
	Interest income from subsidiaries	0	0	141	93
	Other interest income	1.138	936	1.065	807
		1.138	936	1.206	900
5	**Financial expenses**				
	Interest expense to subsidiaries	0	0	13	0
	Other interest expense	1.151	204	899	192
		1.151	204	912	192
6	**Tax on the profit/loss for the year**				
	Current tax for the year	1.759	12.188	271	11.062
	Adjustment of deferred tax	-376	-9.059	-389	-9.196
	Tax adjustment, prior years	561	-28	558	14
		1.944	3.101	440	1.880

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK'000	Consolidated	
	Accquired intangible assets	Total
Cost at 1 January 2015	3.681	3.681
Exchange adjustment	-6	-6
Additions	39	39
Cost at 31 December 2015	3.714	3.714
Impairment losses and amortisation at 1 January 2015	3.407	3.407
Exchange adjustment	-4	0
Amortisation	163	163
Impairment losses and amortisation at 31 December 2015	3.566	3.566
Carrying amount at 31 December 2015	71	71
Amortised over	5 years	

8 Intangible assets

DKK'000	Parent company	
	Accquired intangible assets	Total
Cost at 1 January 2015	3.560	3.560
Cost at 31 December 2015	3.560	3.560
Impairment losses and amortisation at 1 January 2015	3.407	3.407
Amortisation	153	153
Impairment losses and amortisation at 31 December 2015	3.560	3.560
Carrying amount at 31 December 2015	0	0
Amortised over	5 years	

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

9 Property, plant and equipment

	Consolidated		
DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2015	24.892	5.176	30.068
Exchange adjustment	0	-35	-35
Additions	81	1.469	1.550
Disposals	0	-1.943	-1.943
Cost at 31 December 2015	24.973	4.667	29.640
Value adjustment at 1 January 2015	8.642	0	8.642
Revaluations in the year	612	0	612
Value adjustments at 31 December 2015	9.254	0	9.254
Impairment losses and depreciation at 1 January 2015	9.010	2.722	11.732
Exchange adjustment	0	-23	-23
Depreciation	758	888	1646
Reversal of depreciation	0	-898	-898
Impairment losses and depreciation at 31 December 2015	9.768	2.689	12.457
Carrying amount at 31 December 2015	24.459	1.978	26.437
Depreciated over	15-57 years	3-5 years	

10 Property, plant and equipment

	Parent company		
DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2015	24.892	3.602	28.494
Additions	81	1.439	1.550
Disposals	0	-1.943	-1.943
Cost at 31 December 2015	24.973	3.098	28.101
Value adjustment at 1 January 2015	8.642	0	8.642
Revaluations in the year	612	0	612
Value adjustments at 31 December 2015	9.254	0	9.254
Impairment losses and depreciation at 1 January 2015	9.010	1.737	10.747
Depreciation	758	721	1.479
Reversal of depreciation	0	-897	-897
Impairment losses and depreciation at 31 December 2015	9.768	1.561	11.329
Carrying amount at 31 December 2015	24.459	1.537	25.996
Depreciated over	15-57 years	3-5 years	

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Parent company 2015	Parent company 2014
11 Investments in subsidiaries		
Cost at 1 January	1.978	1.978
Cost at 31 December	1.978	1.978
Value adjustments at 1 January	1.965	2.511
Foreign currency translation adjustments	-601	-557
Profit/loss for the year	5.885	-7.860
Offset in receivables	-3.369	7.835
Other adjustments	0	36
Value adjustments at 31 December	3.880	1.965
Carrying amount at 31 December	5.858	3.943

Name and registered office	Voting rights and ownership
Graintec Installation ApS, Denmark	100 %
Graintec Inc., USA	100 %
Graintec Chile Ltda., Chile	100 %
Graintec China Ltd., China	100 %

All subsidiaries are considered separate entities.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
	Consolidated		Parent company	
12 Work in progress for third parties				
Selling price of work performed	43.589	203.864	38.669	104.496
Progress billings	-75.341	-234.876	-64.555	-129.953
	-31.752	-31.012	-25.886	-25.457
recognised as follows:				
Construction contracts (assets)	6.815	6.608	7.087	5.655
Construction contracts (liabilities)	-38.567	-37.620	-32.973	-31.112
	-31.752	-31.012	-25.886	-25.457
13 Prepayments				
Insurance premiums	396	0	396	0
Accrued interests	408	411	408	411
Other	865	854	865	616
	1.669	1.265	1.669	1.027

14 Share capital

The share capital comprises:

2.700 A shares of DKK 1,000 thousand each
300 B shares of DKK 1,000 thousand each

The share capital has remained unchanged for the last five years.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

15 **Deferred tax**

Deferred tax amounts to net DKK 972 thousand (2014: DKK 1.190 thousand). Deferred tax relates to property, plant and equipment, construction contracts and warranty provisions.

16 **Other provisions**

Other provisions comprise provisions for liabilities for defect commitments, totalling DKK 2.602 thousand. Liabilities for defect provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods and services. The obligation is expected to be settled over the liability for defect-period. DKK 1.550 thousand is expected to be utilised in the coming financial year.

DKK'000	Consolidated		Parent company	
	2015	2014	2015	2014
17 Mortgage credit institutions and banks				
The loans are specified as follows:				
Mortgage credit institutions				
Long-term	8.789	8.767	8.789	8.767
Short-term	0	0	0	0
	8.789	8.767	8.789	8.767
Banks				
Long-term	0	0	0	0
Short-term	463	2	463	2
	463	2	463	2
Total loans	9.252	8.769	9.252	8.769
The loans are recognised in the balance sheet as follows:				
Non-current liabilities other than provisions	8.789	8.767	8.789	8.767
Current liabilities other than provisions	463	2	463	2
	9.252	8.769	9.252	8.769
Non-current liabilities other than provisions falling due more than five years after the balance sheet date (carrying amount)	7.580	8.004	7.580	8.004

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
18 Corporation tax payable				
Corporation tax payable at 1 January	-273	-3.342	-811	-3.060
Tax on taxable income for the year, including jointly taxed subsidiaries	2.320	12.217	829	11.076
Corporation tax paid during the year	-1.294	-9.148	-579	-8.827
Corporation tax payable at 31 December	753	-273	-561	-811

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
19 Staff costs and incentive programmes				
Wages and salaries	39.646	43.750	32.976	36.601
Pensions	2.806	2.753	2.331	2.240
Other social security costs	833	778	228	230
	43.285	47.281	35.535	39.071
Average number of full-time employees	93	92	57	57

Total remuneration to Board of directors and management: 1.900 tDKK (2014: 1.919 tDKK).

20 Contractual obligations and contingencies, etc.

Contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly-taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due on or after 1 July 2012.

Bank guarantees for a total of DKK 1,648 thousand (2014: DKK 14,023 thousand) have been provided as collateral for contracts and supplies.

21 Collateral

Land and buildings in the amount of DKK 4,400 thousand (2014: DKK 4,400 thousand) have been provided as collateral for the Company's credit facilities. Furthermore, DKK 2,985 thousand has been deposited in cash (2014: DKK 8,672 thousand)

As collateral for the guarantees provided, DKK 4,818 thousand (2014: DKK 3,351 thousand) has been deposited in cash.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

22 Related party disclosures

Graintec A/S' related parties comprise the following:

Information about consolidated financial statement

Parent	Domicile	Requisitioning of the parent's consolidate financial statements
Graintec A/S	Enghavevej 40, 7100 Vejle, Denmark	Erhvervsstyrelsen, Denmark

Related party transactions not carried through on normal market terms

There are no related party transactions that have not been carried through on normal market terms.

Information about remuneration to management

Information about remuneration to Board of directors and management appears from note 19.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5 % of the votes or minimum 5 % of the share capital:

Name	Domicile
AGRA Invest ApS	Enghavevej 40, 7100 Vejle, Denmark
THORASO ApS	Skaarupgaard 59, 9870 Sindal, Denmark
Graintec Holding ApS	Enghavevej 40, 7100 Vejle, Denmark

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	Consolidated 2015	Consolidated 2014
23 Changes in working capital		
Change in receivables	-14.702	33.213
Change in trade and other payables	-18.003	-23.288
Change in other provisions	-5.395	5.568
	-38.100	15.493

DKK'000	Consolidated 2015	Consolidated 2014
24 Cash and cash equivalents		
Cash and cash equivalents at 1 January	21.242	70.121
Short-term debt to banks	-463	-2
Securities included as cash and cash equivalents	13.632	14.271
	34.411	84.390