Graintec A/S

Enghavevej 40, 7100 Vejle, Denmark

CVR no. 73 42 22 13

Annual report 2016

Approved at the Company's annual general meeting on 27 March 2017

Chairman:

John Christian Aasted

Building a better
working world

Contents

Statement by the Board of Directors and the Executive Board

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

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

In our opinion, the 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 December2016 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 2016.

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

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

Vejle, 27 March 2017
Executive Board:

Benny Simonsen CEO	Kasper Holm

Board of Directors:

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

Independent auditors' report

To the shareholders of Graintec A/S

Opinion

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 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the group and the parent company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

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

Management's responsibilities for the 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 as 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.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the parent company 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 company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Independent auditor's report

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

Aarhus, 27 March 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Tom B. Lassen
State Authorised
Public Accountant

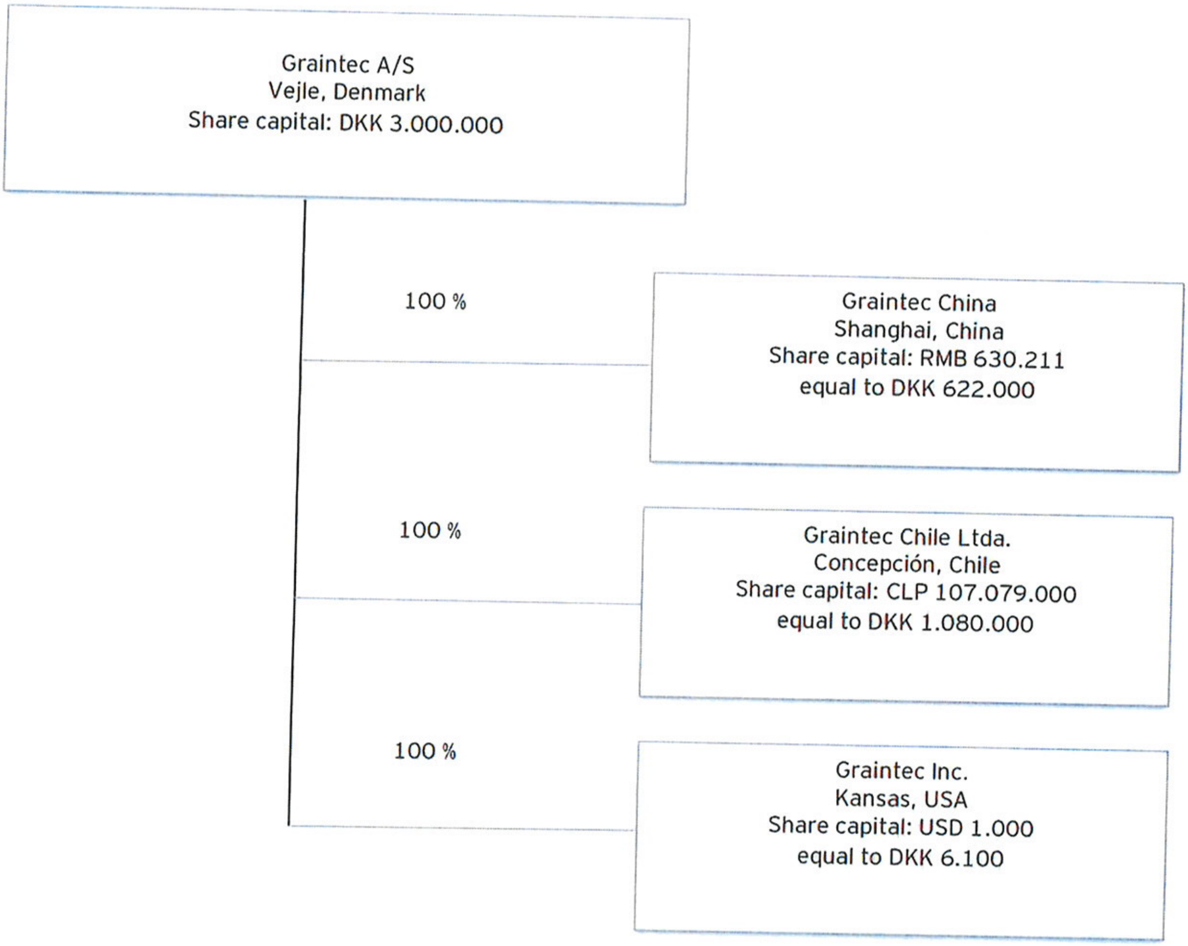
Management's review

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 Per Strømgaard Sørensen Morten Bagger Larsen
Executive Board	Benny Simonsen (CEO), Kasper Holm
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, Postboks 330, 8100 Aarhus C

Management's review

Group chart



Company details - subsidiaries

Graintec Chile Ltda.
Lincoyan 282 Piso 6.
Concepción, Chile

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

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

Graintec, Inc.
One Main Plaza
4435 Main Street, Suite 504
Kansas City, MO 64111

Phone: +1 816 621 3000
Mail: us@graintec.com

Management's review

Financial highlights for the Group

DKK'000	2016	2015	2014	2013	2012
Key figures					
Revenue	246.770	170.201	386.493	306.651	198.462
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)	1.503	4.988	19.314	18.286	7.564
Ordinary operating profit/loss	261	3.199	17.884	16.763	6.066
Profit/loss from financial income and expense	1.668	-13	732	1.240	357
Profit/loss for the year	**1.310**	**1.222**	**15.496**	**12.042**	**5.022**
Total assets	112.669	113.349	151.726	169.175	137.435
Cash and cash equivalents	37.583	34.411	84.391	67.899	-14.765
Portion relating to investment in property, plant and equipment	25.612	26.437	26.978	26.568	29.801
Equity	**28.480**	**27.101**	**40.477**	**33.975**	**23.930**
Cash flows from operating activities	2.846	-34.982	27.003	83.705	-3.471
Net cash flows from investing activities	1.360	-544	-1.520	-1.042	-699
Cash flows from financing activities	-1.034	-14.453	-8.992	0	-6.935
Total cash flows	**3.172**	**-49.979**	**16.491**	**82.663**	**-11.105**
Financial ratios					
Operating margin	0,2 %	1,9 %	4,6 %	5,5 %	3,1 %
Return on investment	1,3 %	6,4 %	11,8 %	9,9 %	4,4 %
Return on equity	4,7 %	3,9 %	41,6 %	41,6 %	20,4 %
Solvency ratio	25,3 %	23,9 %	26,9 %	20,1 %	17,4 %
Average number of full-time employees	91	93	92	83	64

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 focused on consulting, project development, installation and service works related to high-efficient production facilities for the feed industry. The Company undertakes EPC contracts including production facilities, civil works and auxiliaries. Main segments served are the aqua feed and pet food manufacturing industries using pelletising or extrusion technology. Activities are mainly spread across Europe, the 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 by e-mailing mail@graintec.com.

Development in activities and financial matters

The result of 2016 is not satisfactory. Turnover is significantly below expectations due to a high level of consultancy works being performed in the period combined with a delayed startup date on important orders. The low turnover was not expected and the 2016 results are therefore below budget. By 1 January 2016, the 100% owned subsidiary Graintec Installation ApS has been merged into Graintec A/S. During 2016 Graintec A/S has changed managing director and is currently in the process of recruiting a new profile.

Market development

The Company expects to maintain their strong market position as leading supplier of high-quality processing lines to the aqua feed industry in Europe, Asia and the Americas. Furthermore, the Company will continue to develop its global market position in the aqua feed and pet food industry.

The Company continues to leverage local representations currently established in Chile, China and the USA, and expects further growth from these entities in the coming years.

The aqua feed industry is growing at a good pace and is expected to continue to grow at an average rate of 5-10%. In the North Atlantic region, volumes are expected to increase by 3-5% a year, caused by the overall stability in the sales prices of salmon produced in the region and the continued positive development in harvest volume. In Chile, aqua feed development is expected to be flat following a year with challenging biological conditions that impacted the salmon farmers in 2016 and 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 dominated by larger players. New food safety standards are being introduced into the industry, which is expected to result in investment in new equipment and plant designs being made. Global yearly growth rates are expected to be in the range of 3-8% compared to 4.7% in 2016. Further investments are foreseen to be focused on ensuring compliance with new standards and legislations.

It is the expectation that both segments will continue to focus on reducing operational costs; improving efficiency; optimising nutritional values; improving technical quality; lowering energy consumption as well as environmental emissions caused by production; and most of all, focusing on safe production and being compliant with newly introduced standards and legislations.

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 competences as well as meeting future industry demands are considered to be essential focus areas for the Company.

The Company is focused on serving clients with its supremely competent and qualified staff who are dedicated to the success of the work that is undertaken. A key area of focus is to attract new qualified staff as well as maintain and develop employees' competences.

Management's review

The order book at the end of 2016 is at a comfortable level, and the outlook for 2017 is promising with the execution of a big project in Scotland being the main single activity.

Therefore, in 2017 and 2018, the Company is expecting a growing profit and turnover compared to the previous years.

Financial statements

It is our opinion that the presented financial statement gives a true and fair picture of the Company's assets, liabilities and financial position, and describes all the significant risks and opportunities for the Company. Since the closing of accounts, no event has occurred that changes our view of the information in the financial statement for 2016 or in our expectations for 2017.

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, fulfilling documentation needs and customer satisfaction.

Risks

General risks

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

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

Financial risks

The cash position together with unused credit facilities amounts to DKK 34 mill. in the Parent company and DKK 36 mill. in the Group total. The liquidity is at a comfortable level.

CSR

The Company continually works towards creating a safe working environment for employees and suppliers. The Company has no written policies on CSR around climate, environmental impact and human rights. However, client solutions, as well as internal energy usage and other environmental effects, are focus areas in our products and solutions. Together with key customers and the Danish Ministry of Energy, the Company has developed new technologies with regards to energy waste and odour reduction in drying processes, and expects an increase in activity in this area.

Within the next 5 years, it is the Company's goal that each gender shall make up at least 25% of the board. Currently all 5 members are male. It is the Company's goal that the organisation as a whole, including the management level, reflects the surrounding society. To increase the level of female employees, it is a company objective that both genders shall be represented amongst the three final candidates in every recruitment process. In the Management team, 15% are female. For the Group, 25% of all employees are female.

The company employs many different nationalities, and the employees reflect the international footprint of the company.

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

Income statement

Note	DKK'000	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
2	**Revenue**	246.770	170.201	205.749	127.273
	Production costs	-209.738	-135.234	-178.542	-108.888
	Gross profit	37.032	34.967	27.207	18.385
	Distribution costs	-14.618	-11.796	-11.475	-9.756
	Administrative expenses	-22.153	-19.972	-13.567	-13.126
	Ordinary operating	261	3.199	2.165	-4.497
	Other operating income	403	76	403	76
	Other operating costs	-158	-96	-158	-96
	Operating profit	506	3.179	2.410	-4.517
3	Share of profit/loss in subsidiaries after tax	0	0	-2.549	5.885
4	Financial income	1.831	1.138	1.703	1.206
5	Financial expenses	-163	-1.151	-107	-912
	Profit from activities before tax	2.174	3.166	1.457	1.662
6	Tax on profits from activities	-864	-1.944	-147	-440
	The Group's share of profit/loss for the year	1.310	1.222	1.310	1.222

Note		Parent company 2016	Parent company 2015
7	**Proposed profit appropriation**		
	Proposed dividends	0	0
	Extraordinary dividend distributed in the year	1.000	0
	Reserve for net revaluation under the equity method	1.931	1.915
	Retained earnings	-1.621	-693
		1.310	1.222

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

Balance sheet

Note	DKK'000	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
	ASSETS				
	Fixed assets				
8,9	**Intangible assets**				
	Acquired intangible assets	58	71	0	0
		58	71	0	0
10,11	**Property, plant and equipment**				
	Land and buildings	25.100	24.459	25.100	24.459
	Fixtures and fittings, tools and equipment	512	1.978	161	1.537
		25.612	26.437	25.261	25.996
3	**Investments**				
	Investments in subsidiaries	0	0	7.509	5.858
		0	0	7.509	5.858
	Total fixed assets	25.670	26.508	32.770	31.854
	Non-fixed assets				
	Receivables				
	Trade receivables	32.354	36.482	24.658	21.627
12	Work in progress for third parties	4.349	6.815	2.209	7.087
	Receivables from group entities	0	0	3.590	8.129
13	Deferred tax	376	467	0	0
	Corporation tax receivable	5.809	832	4.914	832
	Other receivables	4.248	5.702	168	31
14	Prepayments	1.268	1.669	1.268	1.669
		48.404	51.967	36.807	39.375
	Securities and investments	14.289	13.632	14.289	13.632
	Cash at bank and in hand	24.306	21.242	20.859	11.694
	Total non-fixed assets	86.999	86.841	71.955	64.701
	TOTAL ASSETS	112.669	113.349	104.725	96.555

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

Balance sheet

Note	DKK'000	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
	EQUITY AND LIABILITIES				
	Equity				
15	Share capital	3.000	3.000	3.000	3.000
	Revaluation reserve	6.979	7.216	6.979	7.216
	Net revaluation reserve according to the equity method	0	0	5.811	3.880
	Retained earnings	18.501	16.885	12.690	13.005
	Proposed dividends	0	0	0	0
	Total equity	28.480	27.101	28.480	27.101
	Provisions				
13	Deferred tax	1.911	1.439	1.911	1.439
16	Other provisions	1.869	2.602	1.490	2.406
	Total provisions	3.780	4.041	3.401	3.845
	Liabilities other than provisions				
	Non-current liabilities other than provisions				
17	Mortgage credit institutions	8.756	8.789	8.756	8.789
		8.756	8.789	8.756	8.789
	Current liabilities other than provisions				
17	Bank debt	1.012	463	43	463
12	Work in progress for third parties	40.211	38.567	39.217	32.973
	Trade payables	17.048	21.293	13.518	13.885
	Payables to group entities	0	0	0	103
	Corporation tax payable	498	1.585	29	271
	Other payables	12.884	11.510	11.281	9.125
		71.653	73.418	64.088	56.820
	Total liabilities other than provisions	80.409	82.207	72.844	65.609
	TOTAL EQUITY AND LIABILITIES	112.669	113.349	104.725	96.555

1 Accounting policies
18 Fees paid to auditors appointed at the annual general meeting
19 Staff costs and incentive programmes
20 Contractual obligations and contingencies, etc.
21 Collateral
22 Currency and interest rate risks and use of derivative financial instruments
23 Related party disclosures

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

Statement of changes in equity

	Consolidated				
DKK'000	Share capital	Revaluation reserve	Retained earnings	Proposed dividends	Total
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 1 January 2016	3.000	7.216	16.885	0	27.101
Dividends	0	0	0	0	0
Dividend distributed	0	0	0	0	0
Profit/loss for the year	0	0	1.310	0	1.310
Revaluation	0	1.245	0	0	1.245
Value adjustments of hedging instruments at 31 December	0	0	135	0	135
Exchange adjustment	0	0	-7	0	-7
Tax on changes in equity	0	-274	-30	0	-304
Transfer*	0	-1.208	1.208	0	0
Extraordinary dividend distributed	0	0	-1.000	0	-1.000
Equity at 31 December 2016	3.000	6.979	18.501	0	28.480

	Parent company					
DKK'000	Share capital	Revaluation reserve	Net revaluation reserve according to the equity method	Retained earnings	Proposed dividends	Total
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 1 January 2016	3.000	7.216	3.880	13.005	0	27.101
Profit/loss for the year	0	0	1.931	-621	0	1.310
Revaluation	0	1.245	0	0	0	1.245
Value adjustments of hedging instruments at 31 December	0	0	0	135	0	135
Exchange adjustment	0	0	0	-7	0	-7
Tax on changes in equity	0	-274	0	-30	0	-304
Transfer*	0	-1.208	0	1.208	0	0
Extraordinary dividend distributed	0	0	0	-1.000	0	-1.000
Equity at 31 December 2016	3.000	6.979	5.811	12.690	0	28.480

* Due to the implementation of act no. 738 of 1 July 2015, depreciation made in respect of revaluation of properties is transferred to retained earnings

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

Cash flow statement

Note	DKK'000	Consolidated 2016	Consolidated 2015
	Profit/Loss before tax	2.174	3.166
	Depreciation and amortisation	998	1.809
	Profit/loss from disposal of property, plant and equipment	-245	0
	Exchange adjustment	7	-599
	Cash generated from operations (operating activities) before changes in working capital	2.934	4.376
24	Changes in working capital	6.578	-38.100
	Cash generated from operations (operating activities)	9.512	-33.724
	Corporation tax paid	-6.666	-1.258
	Cash flows from operating activities	2.846	-34.982
	Acquisition of intangible assets	0	-39
	Acquisition of property, plant and equipment	-357	-1.550
	Disposal of property, plant and equipment	1.717	1.045
	Payments relating to extraordinary items	0	0
	Cash flows from investing activities	1.360	-544
	External financing:		
	Repayment of long-term debt/Exchange adjustment	-34	22
	Shareholders:		
	Dividends paid	-1.000	-14.475
	Cash flows from financing activities	-1.034	-14.453
	Net cash flows from operating, investing and financing activities	3.172	-49.979
	Cash and cash equivalents at 1 January	34.411	84.390
25	**Cash and cash equivalents at 31 December**	37.583	34.411

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 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class C entities and elective choice of provisions applying to large reporting class C entities.

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

1. Method applied to intra-group business combinations
2. Yearly reassessment of residual values of property, plant and equipment

Re 1: In connection with business combinations involving entities controlled by the Parent Company, the book value method is applied going forward, meaning that the combination is considered complete at the time of acquisition without any restatement of comparative figures. Previously, the combination was considered completed at the beginning of the financial year with restatement of comparative figures.

Re 2: In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions[1] with future effect only as a change in accounting estimates with no impact on equity.

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

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.

Business combinations

Recently acquired or formed entities are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated in respect of recently acquired or sold entities.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated selling costs.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquired entity before the date of acquisition, and not agreed as part of the acquisition, are part of the acquisition balance sheet and, hence, the calculation of goodwill. Costs relating to restructuring decided by the acquiring entity must be recognised in the income statement. The tax effect of the restatement of assets and liabilities is taken into account.

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[1] The executive order on transitional provisions based in connection with application of certain provisions in the Danish Financial Statements Act, as amended by act no. 738 of 1 June 2015 regarding amendments to the Danish Financial Statements Act and a number of other acts.

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

Notes to the financial statements

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset.

Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met.

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, additions of assets and share conversions, etc., in which entities controlled by the Parent Company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity are recognised in equity.

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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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.

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 exclusive of 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 the outcome of a construction contract cannot be estimated reliably, revenue is recognised solely at an amount corresponding to the costs incurred if 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.

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

Notes to the financial statements

1 Accounting policies (continued)

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.

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:

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

Residual value for Buildings, Installations, Fixtures and fittings, tools and equipment are expected to be 0.

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 based on recognised valuation methods and reasonable estimates or the value in an active market for similar assets.

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.

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 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 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.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

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.

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.

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

Notes to the financial statements

1 **Accounting policies (continued)**

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.

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.

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

Notes to the financial statements

1 **Accounting policies (continued)**

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.

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.

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 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.

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	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Average invested capital}}$
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		Parent company	
	2016	2015	2016	2015
2 Segment information				
Total revenue	246.770	170.201	205.749	127.273
Scandinavia	150.358	93.321	150.358	93.321
Rest of world	96.412	76.880	55.391	33.952
	246.770	170.201	205.749	127.273

DKK'000	Parent company	
	2016	2015
3 Investments in subsidiaries		
Cost at 1 January	1.978	1.978
Disposals in the year	-280	0
Cost at 31 December	1.698	1.978
Value adjustments at 1 January	3.880	1.965
Foreign currency translation adjustments	-7	-601
Profit/loss for the year	-2.549	5.885
Reversal of revaluation on merger	-117	0
Offset in receivables	4.604	-3.369
Other adjustments	0	0
Value adjustments at 31 December	5.811	3.880
Carrying amount at 31 December	7.509	5.858

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

All subsidiaries are considered separate entities.

DKK'000	Consolidated		Parent company	
	2016	2015	2016	2015
4 Financial income				
Interest income from subsidiaries	0	0	268	141
Other interest income	1.831	1.138	1.435	1.065
	1.831	1.138	1.703	1.206
5 Financial expenses				
Interest expense to subsidiaries	0	0	0	13
Other interest expense	163	1.151	107	899
	163	1.151	107	912

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

Notes to the financial statements

DKK'000	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
6 **Tax on the profit/loss for the year**				
Current tax for the year	487	1.759	4	271
Adjustment of deferred tax	295	-376	179	-389
Tax adjustment, prior years	82	561	-36	558
	864	1.944	147	440
7 **Proposed profit appropriation**				
Profit/loss for the year	1.310	1.222	1.310	1.222
Extraordinary dividend distributed in the year	1.000	0	1.000	0
Reserve for net revaluation under the equity method	0	0	1.931	1.915
Retained earnings	310	1.222	-1.621	-693
	1.310	1.222	1.310	1.222

8 Intangible assets

DKK'000	Consolidated: Acquired intangible assets	Total
Cost at 1 January 2016	3.714	3.714
Exchange adjustment	14	14
Additions	0	0
Cost at 31 December 2016	3.728	3.728
Impairment losses and amortisation at 1 January 2016	3.642	3.566
Exchange adjustment	8	8
Amortisation	20	20
Impairment losses and amortisation at 31 December 2016	3.670	3.670
Carrying amount at 31 December 2016	58	58
Amortised over	5 years	

9 Intangible assets

DKK'000	Parent company: Acquired intangible assets	Total
Cost at 1 January 2016	3.560	3.560
Cost at 31 December 2016	3.560	3.560
Impairment losses and amortisation at 1 January 2016	3.560	3.560
Amortisation		
Impairment losses and amortisation at 31 December 2016	3.560	3.560
Carrying amount at 31 December 2016	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

10 Property, plant and equipment

DKK'000	Consolidated		
	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2016	24.973	4.451	29.424
Exchange adjustment	0	61	61
Additions	0	357	357
Disposals	0	-3.160	-3.160
Cost at 31 December 2016	24.973	1.709	26.682
Value adjustment at 1 January 2016	9.252	0	9.252
Revaluations in the year	1.245	0	1.245
Value adjustments at 31 December 2016	10.497	0	10.497
Impairment losses and depreciation at 1 January 2016	9.766	2.473	12.239
Exchange adjustment	0	38	38
Depreciation	604	373	977
Reversal of depreciation	0	-1.687	-1.687
Impairment losses and depreciation at 31 December 2016	10.370	1.197	11.567
Carrying amount at 31 December 2016	25.100	512	25.612
Depreciated over	15-57 years	3-5 years	
Carrying amount at 31 December 2016, if no revaluation had been made	15.275		

11 Property, plant and equipment

DKK'000	Parent company		
	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2016	24.973	3.098	28.071
Additions on merger	0	520	520
Additions	0	199	199
Disposals	0	-3.160	-3.160
Cost at 31 December 2016	24.973	657	25.630
Value adjustment at 1 January 2016	9.252	0	9.252
Revaluations in the year	1.245	0	1.245
Value adjustments at 31 December 2016	10.497	0	10.497
Impairment losses and depreciation at 1 January 2016	9.766	1.560	11.326
Accumulated impairment losses and depreciation of additions through merger	0	405	405
Depreciation	604	218	822
Reversal of depreciation	0	-1.687	-1.687
Impairment losses and depreciation at 31 December 2016	10.370	496	10.866
Carrying amount at 31 December 2016	25.100	161	25.261
Depreciated over	15-57 years	3-5 years	
Carrying amount at 31 December 2016, if no revaluation had been made	15.275		

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

Notes to the financial statements

DKK'000	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
12 Work in progress for third parties				
Selling price of work performed	122.200	43.589	118.082	38.669
Progress billings	-158.062	-75.341	-155.090	-64.555
	-35.862	-31.752	-37.008	-25.886
recognised as follows:				
Construction contracts (assets)	4.349	6.815	2.209	7.087
Construction contracts (liabilities)	-40.211	-38.567	-39.217	-32.973
	-35.862	-31.752	-37.008	-25.886

13 Deferred tax

Deferred tax amounts to net DKK 1.535 thousand (2015: DKK 972 thousand). Deferred tax relates to property, plant and equipment, construction contracts, tax loss and warranty provisions.

DKK'000	Consolidated 2016	Consolidated 2015	Parent 2016	Parent 2015
Deferred tax at 1 January	-972	-1.190	-1.439	-1.694
Adjustment of the deferred tax charge for the year	-295	376	-179	389
Tax on equity transactions	-304	-152	-304	-152
Additions on merger	0	0	11	0
Other adjustment	36	-6	0	18
Deferred tax at 31 December	-1.535	-972	-1.911	-1.439
recognised as follows:				
Deferred tax (assets)	376	467	0	0
Deferred tax (liabilities)	-1.911	-1.439	-1.911	-1.439
	-1.535	-972	-1.911	-1.439

14 Prepayments				
Insurance premiums	215	396	215	396
Accrued interests	406	408	406	408
Other	647	865	647	865
	1.268	1.669	1.268	1.669

15 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

16 **Other provisions**

Other provisions comprise provisions for liabilities for defect commitments. 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.

		Consolidated		Parent company	
	DKK'000	2016	2015	2016	2015
17	**Mortgage credit institutions and banks**				
	The loans are specified as follows:				
	Mortgage credit institutions				
	Long-term	8.756	8.789	8.756	8.789
	Short-term	0	0	0	0
		8.756	8.789	8.756	8.789
	Banks				
	Long-term	0	0	0	0
	Short-term	1.012	463	43	463
		1.012	463	43	463
	Total loans	9.768	9.252	8.799	9.252
	The loans are recognised in the balance sheet as follows:				
	Non-current liabilities other than provisions	8.756	8.789	8.756	8.789
	Current liabilities other than provisions	1.012	463	43	463
		9.768	9.252	8.799	9.252
	Non-current liabilities other than provisions falling due more than five years after the balance sheet date (carrying amount)	7.114	7.580	7.114	7.580
18	**Fees paid to auditors appointed at the annual general meeting**				
	Total fees to EY	462	526	304	365
	Fee for statutory audit	221	234	113	132
	Fees for tax advisory services	46	39	46	39
	Assurance engagements	13	0	13	0
	Other assistance	182	253	132	194
		462	526	304	365

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

Notes to the financial statements

19 Staff costs and incentive programmes

DKK'000	Consolidated		Parent company	
	2016	2015	2016	2015
Wages and salaries	46.532	39.646	37.127	32.976
Pensions	3.281	2.806	2.748	2.331
Other social security costs	1.143	833	189	228
	50.956	43.285	40.064	35.535
Average number of full-time employees	91	93	57	57

Remuneration to Board of directors totalling 438 tDKK and remuneration to management totalling 1.960 tDKK (2015: Total remuneration to Board of directors and management 1.900 tDKK).

20 Contractual obligations and contingencies, etc.

Operating lease liabilities

The Company has liabilities under operating leases for cars, totalling 1.731 tDKK, with remaining contract terms of 1-5 years.

21 Collateral

Land and buildings at a carrying amount of DKK 21.500 at 31 December 2016 have been put up as security for debt to mortgage credit institutions, totalling 8.756 tDKK.

Land and buildings in the amount of 4.400 tDKK (2015: 4.400 tDKK) have been provided as collateral for the Company's credit facilities. Furthermore, 2.974 tDKK has been deposited in cash (2015: 2.985 tDKK).

Guarantees for a total of 2.046 tDKK (2015: DKK 1,648 thousand) have been provided as collateral for contracts and supplies.

Securities and investments at a carrying amount of 7.522 tDKK at 31 December 2016 have been put up as security for debt to banks.

As collateral for the guarantees provided, 0 tDKK (2015: 4.818 tDKK) 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 Currency and interest rate risks and use of derivative financial instruments

The Group uses forward exchange contracts to hedge expected currency risks relating to sale and purchase of goods in the coming year.

DKK'000	Period	Contractual value 2016	Contractual value 2015	Gains and losses recognised in equity 2016	Gains and losses recognised in equity 2015
Forward exchange contracts	0-6 months	135	0	135	0

23 Related party disclosures

Graintec A/S'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 (Danish Business Authority), Denmark

DKK'000	Consolidated 2016	Consolidated 2015
24 Changes in working capital		
Change in receivables	8.853	-14.702
Change in trade and other payables	-1.542	-18.003
Change in other provisions	-733	-5.395
	6.578	-38.100
25 Cash and cash equivalents		
Cash and cash equivalents at 1 January	24.306	21.242
Short-term debt to banks	-1.012	-463
Securities included as cash and cash equivalents	14.289	13.632
	37.583	34.411