RSM Beierholm

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Cabinplant A/S

Roesbjergvej 9, 5683 Haarby
CVR no. 76 16 53 19

Annual report for 2017

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 31.05.18

Ralf Astrup
Dirigent

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Group information etc.

The company

Cabinplant A/S
Roesbjergvej 9
5683 Haarby
Registered office: Assens
CVR no.: 76 16 53 19
Financial year: 01.01 - 31.12

Executive Board

CEO Ralf Astrup
CFO Jan Helskov

Board Of Directors

Erik Blom
Marc Frederick Plastow
Robertus Adrianus Aloysius Maria Bertens
CEO Ralf Astrup

Auditors

RSM Beierholm
Statsautoriseret Revisionspartnerselskab

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.01.17 - 31.12.17 for Cabinplant A/S.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.17 and of the results of the group’s and parent’s activities and of the group's cash flows for the financial year 01.01.17 - 31.12.17.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Haarby, May 8, 2018

Executive Board

Ralf Astrup
CEO

Jan Helskov
CFO

Board Of Directors

Erik Blom
Chairman

Marc Frederick Plastow

Robertus Adrianus Aloysius Maria Bertens

Ralf Astrup
CEO

Independent auditor's report

To the Shareholder of Cabinplant A/S

Opinion

We have audited the consolidated financial statements and parent company financial statements of Cabinplant A/S for the financial year 01.01.17 - 31.12.17, which comprise the income statement, balance sheet, statement of changes in equity and notes, inclusive of accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with Danish Financial Statements Act

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.17 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.17 - 31.12.17 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

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

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

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 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 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 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 parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and 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 regarding the management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company financial statements does not cover 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 parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or 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 management's review provides the information required under the Danish Financial Statements Act.

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

Odense, May 8, 2018

RSM Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Henrik Welinder

State Authorized Public Accountant
MNE-no. mne23366

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2017	2016	2015	2014	2013
Profit/loss					
Gross profit	48,641	58,583	52,700	52,923	32,180
Operating profit/loss	11,950	18,374	24,834	15,054	-7,890
Total net financials	-1,809	-2,811	-1,524	-1,155	849
Profit/loss for the year	6,863	11,457	17,684	11,054	-4,276
Balance					
Total assets	169,961	170,250	187,990	144,360	146,461
Equity	51,411	43,536	63,980	54,190	45,538
Cashflow					
Net cash flow:					
Operating activities	21,857	35,649	45,562	18,395	-3,848
Investing activities	-8,097	-4,055	-3,641	-4,801	1,024
Financing activities	-3,886	-32,375	-17,784	4,912	-2,041
Cash flows for the year	9,874	-781	24,137	18,506	-4,865

Ratios

	2017	2016	2015	2014	2013
Profitability					
Return on equity	14%	21%	30%	22%	-9%
Gross margin	15%	16%	17%	21%	15%
Equity ratio					
Equity interest	30%	26%	34%	38%	31%
Others					
Number of employees (average)	212	251	234	162	172

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Gross margin: $\frac{\text{Gross result x 100}}{\text{Revenue}}$

Equity interest: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

The company's activities is to engage in the development, production and sales of machines and high-tech processing and weighing/packing lines for the food processing industry.

The solutions are sold domestically and worldwide directly from the parent company and its sales subsidiaries in Poland, Germany, USA and Spain as well as from a network of sales agents in more than 35 countries.

Uncertainty concerning recognition and measurement

There are no uncertainties on recognition or measurement of the individual entries in the annual accounts.

Development in activities and financial affairs

The income statement for the period 01.01.17 - 31.12.17 shows a profit/loss of DKK 6,862,604 against DKK 11,457,192 for the period 01.01.16 - 31.12.16. The balance sheet shows equity of DKK 51,410,666.

The earnings expectations for 2017 were a net profit of MDKK 10. The objective was not met primarily due to lower growth in the order inflow than expected. A 13% decrease in revenue was realised against an expected 10% increase.

Outlook

The company expects increased activities and improved profits for 2018.

Knowledge resources

The company has developed considerable know-how on the development and production of machines and high-tech processing and weighing/packing lines for the food processing industry. To a great extent, such intellectual resources are anchored in employees with high level of education. It is the company's clear policy to maintain and accumulate the intellectual of its employees.

Special risks

Currency risks

International activities cause impact on profit/loss, cash flow and shareholders' equity from movements in exchange and interest rates. Company policy is to hedge commercial currency risks. Hedging tools are primarily currency forwards, swaps, etc. to finance order intake during the first 12 months. Speculative currency transactions are not concluded.

External environment

The company is constantly engaged in optimization of resource application to continuously minimize the main environmental impacts. The company focuses on optimizing their products in terms of energy and productivity. The company has a working environment policy that include employee satisfaction and job satisfaction.

Research and development activities

Product research activities proceeded satisfactorily during the past year. Product research was implemented particularly for the weighing/packing segments resulting in new market leading solutions.

Subsequent events

No important events have occurred after the end of the financial year to this date which would influence the evaluation of this annual report.

Corporate social responsibility

The company wishes to develop its core business and meet its strategic challenges in a financially and socially responsible way. This means that the company complies with legislation in the countries and local communities in which it operates, and that the company implements voluntary activities and commitments of a socially responsible character to attain the strategic objects.

Target figure for the underrepresented gender

Target figures for the Board of Directors

It is the company's policy to promote equal opportunities for both genders. Recruitment and posting of positions aims at an appropriate gender distribution, as all positions are filled with the most qualified candidates, regardless of age, gender and nationality.

Income statement

Note		Group 2017 DKK	Group 2016 DKK	Parent 2017 DKK	Parent 2016 DKK
	Revenue	**324,769,695**	**374,881,725**	**298,705,883**	**338,311,854**
	Production costs	-276,129,038	-316,298,644	-254,756,475	-292,453,948
	Gross profit	**48,640,657**	**58,583,081**	**43,949,408**	**45,857,906**
	Distribution costs	-26,561,098	-28,214,400	-19,152,458	-20,829,807
	Administrative expenses	-10,620,219	-11,751,295	-9,716,970	-11,098,883
	Other operating income	490,887	493,279	188,864	109,541
	Other operating expenses	0	-737,163	0	-737,163
	Profit/loss before net financials	**11,950,227**	**18,373,502**	**15,268,844**	**13,301,594**
	Income from equity investments in group enterprises	0	0	-3,506,948	2,632,311
2	Income from equity investments in associates	0	-37,218	0	-37,218
	Financial income	3,409,610	468,403	2,902,078	442,665
	Financial expenses	-5,218,453	-3,242,650	-4,881,287	-2,553,722
	Profit/loss before tax	**10,141,384**	**15,562,037**	**9,782,687**	**13,785,630**
	Tax on profit or loss for the year	-3,278,780	-4,104,845	-3,349,350	-2,580,000
	Profit/loss for the year	**6,862,604**	**11,457,192**	**6,433,337**	**11,205,630**

Proposed appropriation account

	Group 2017 DKK	Group 2016 DKK	Parent 2017 DKK	Parent 2016 DKK
Reserve for net revaluation according to the equity method	0	0	-1,635,519	3,822,452
Extraordinary dividend for the financial year	0	30,000,000	0	30,000,000
Non-controlling interests	429,267	251,562	0	0
Retained earnings	6,433,337	-18,794,370	8,068,856	-22,616,822
Total	**6,862,604**	**11,457,192**	**6,433,337**	**11,205,630**

Balance sheet

ASSETS

Note		Group 31.12.17 DKK	Group 31.12.16 DKK	Parent 31.12.17 DKK	Parent 31.12.16 DKK
	Completed development projects	5,732,921	3,950,704	5,670,727	3,900,116
	Goodwill	442,733	775,637	0	0
	Development projects in progress	8,881,712	4,360,866	8,881,712	4,360,866
4	**Total intangible assets**	**15,057,366**	**9,087,207**	**14,552,439**	**8,260,982**
	Land and buildings	23,597,354	25,325,811	11,224,667	12,595,243
	Plant and machinery	2,473,405	3,126,263	1,317,274	1,542,175
	Other fixtures and fittings, tools and equipment	2,928,729	3,688,390	1,265,924	2,319,370
5	**Total property, plant and equipment**	**28,999,488**	**32,140,464**	**13,807,865**	**16,456,788**
6	Equity investments in group enterprises	0	0	16,565,771	17,462,738
7	Deposits	78,153	78,153	78,153	78,153
	Total investments	**78,153**	**78,153**	**16,643,924**	**17,540,891**
	Total non-current assets	**44,135,007**	**41,305,824**	**45,004,228**	**42,258,661**
	Raw materials and consumables	22,510,215	22,924,470	20,561,759	20,922,160
	Manufactured goods and goods for resale	13,205,157	9,262,863	13,205,157	9,262,863
	Total inventories	**35,715,372**	**32,187,333**	**33,766,916**	**30,185,023**
	Work in progress for third parties	8,790,757	10,465,501	8,790,757	10,465,501
	Trade receivables	34,743,317	52,104,118	33,117,085	50,998,726
	Receivables from group enterprises	0	2,165,954	5,469,388	10,166,223
11	Deferred tax asset	1,082,453	673,531	0	0
	Income tax receivable	1,191,559	275,743	0	0
	Other receivables	1,841,890	2,253,336	774,372	1,290,824
	Receivables from owners and management	2,118,705	1,971,003	2,118,705	1,971,003
8	Prepayments	6,637,115	3,967,346	6,525,670	3,862,972
	Total receivables	**56,405,796**	**73,876,532**	**56,795,977**	**78,755,249**
	Cash	**33,704,474**	**23,829,536**	**30,954,788**	**20,896,513**
	Total current assets	**125,825,642**	**129,893,401**	**121,517,681**	**129,836,785**
	Total assets	**169,960,649**	**171,199,225**	**166,521,909**	**172,095,446**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 31.12.17 DKK	Group 31.12.16 DKK	Parent 31.12.17 DKK	Parent 31.12.16 DKK
9	Share capital	1,050,000	1,050,000	1,050,000	1,050,000
	Reserve for net revaluation according to the equity method	0	0	11,126,902	12,023,649
	Reserve for development costs	0	0	14,552,439	8,260,982
	Retained earnings	48,554,389	41,109,056	22,875,048	20,824,425
	Group controlled equity	**49,604,389**	**42,159,056**	**49,604,389**	**42,159,056**
10	Non-controlling interests	1,806,277	1,377,010	0	0
	Total equity	**51,410,666**	**43,536,066**	**49,604,389**	**42,159,056**
11	Provisions for deferred tax	8,244,202	7,918,318	8,192,161	7,842,436
	Total provisions	**8,244,202**	**7,918,318**	**8,192,161**	**7,842,436**
12	Mortgage debt	18,102,047	20,246,763	13,541,786	14,517,325
12	Payables to other credit institutions	202,468	702,987	0	0
12	Lease commitments	96,601	680,530	96,601	680,530
12	Other payables	3,056,656	3,294,655	0	0
	Total long-term payables	**21,457,772**	**24,924,935**	**13,638,387**	**15,197,855**
12	Short-term portion of long-term payables	2,949,099	3,165,538	1,547,601	1,946,519
	Prepayments received from customers	27,852,196	19,722,790	27,796,531	19,722,790
	Trade payables	30,749,183	46,590,521	29,880,462	46,047,592
	Payables to group enterprises	0	2,165,954	11,050,261	17,974,168
	Income taxes	4,164,487	1,208,254	4,164,487	657,907
	Other payables	23,133,044	21,966,849	20,647,630	20,547,123
	Total short-term payables	**88,848,009**	**94,819,906**	**95,086,972**	**106,896,099**
	Total payables	**110,305,781**	**119,744,841**	**108,725,359**	**122,093,954**
	Total equity and liabilities	**169,960,649**	**171,199,225**	**166,521,909**	**172,095,446**

13 Derivative financial instruments
14 Contingent assets
15 Contingent liabilities
16 Charges and security
17 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Retained earnings	Group controlled equity	Non-controlling interests	Total equity
Group:							
Statement of changes in equity for 01.01.17 - 31.12.17							
Balance as at 01.01.17	1,050,000	0	0	41,109,056	42,159,056	1,377,010	43,536,066
Foreign currency translation adjustment of foreign enterprises	0	0	0	738,772	738,772	0	738,772
Fair value adjustment of hedging instruments	0	0	0	273,224	273,224	0	273,224
Net profit/loss for the year	0	0	0	6,433,337	6,433,337	429,267	6,862,604
Balance as at 31.12.17	1,050,000	0	0	48,554,389	49,604,389	1,806,277	51,410,666
Parent:							
Statement of changes in equity for 01.01.17 - 31.12.17							
Balance as at 01.01.17	1,050,000	12,023,649	8,260,982	20,824,425	42,159,056	0	42,159,056
Foreign currency translation adjustment of foreign enterprises	0	738,772	0	0	738,772	0	738,772
Total depreciation, amortisation, impairment losses and write-downs during the year	0	0	6,291,457	-6,291,457	0	0	0
Fair value adjustment of hedging instruments	0	0	0	273,224	273,224	0	273,224
Net profit/loss for the year	0	-1,635,519	0	8,068,856	6,433,337	0	6,433,337
Balance as at 31.12.17	1,050,000	11,126,902	14,552,439	22,875,048	49,604,389	0	49,604,389

Consolidated cash flow statement

Note		Group 2017 DKK	Group 2016 DKK
	Net profit/loss for the year	**6,862,604**	**11,457,192**
18	Adjustments	11,595,542	14,338,114
	Change in working capital:		
	Inventories	-3,528,039	562,095
	Receivables	16,629,520	16,881,964
	Trade payables	-6,783,737	4,570,959
	Cash flows from operating activities before net financials	**24,775,890**	**47,810,324**
	Interest income and similar income received	3,409,610	468,403
	Interest expenses and similar expenses paid	-5,218,453	-3,242,650
	Income tax paid	-1,109,974	-4,500,000
	Cash flows from operating activities	**21,857,073**	**40,536,077**
	Purchase of intangible assets	-7,997,776	-1,855,733
	Purchase of property, plant and equipment	-425,756	-2,707,631
	Sale of property, plant and equipment	327,000	924,500
	Purchase of investments	0	-1,310,176
	Cash flows from investing activities	**-8,096,532**	**-4,949,040**
	Dividend paid	0	-30,000,000
	Repayment of mortgage debt	-2,774,700	-2,732,630
	Arrangement of credit institutions	0	702,987
	Repayment of credit institutions	-250,519	0
	Repayment of lease commitments	-860,384	-534,530
	Cash flows from financing activities	**-3,885,603**	**-32,564,173**
	Total cash flows for the year	**9,874,938**	**3,022,864**
	Cash, beginning of year	23,829,536	20,806,672
	Cash, end of year	**33,704,474**	**23,829,536**
	Cash, end of year, comprises:		
	Cash	33,704,474	23,829,536
	Total	**33,704,474**	**23,829,536**

	Group		Parent	
	2017 DKK	2016 DKK	2017 DKK	2016 DKK

1. Employee aspects

Wages and salaries	128,471,153	126,035,322	115,349,310	112,754,635
Pensions	8,807,696	7,909,748	8,762,324	7,890,619
Other social security costs	4,278,093	4,250,283	1,544,331	1,568,051
Other staff costs	5,038,256	4,921,326	4,266,906	4,066,956
Total	146,595,198	143,116,679	129,922,871	126,280,261

Average number of employees during the year	293	251	212	170

Remuneration for the management:

Salaries, Board of Executives	2,318,505	2,327,789	2,318,505	2,327,789
Total remuneration for the management	2,318,505	2,327,789	2,318,505	2,327,789
Remuneration for the Board of Directors	0	500,000	0	500,000
Remuneration for the Executive Board and Board of Directors	2,318,505	2,827,789	2,318,505	2,827,789

2. Income from equity investments in associates

Share of profit or loss of associates	0	-37,218	0	-37,218
Total	0	-37,218	0	-37,218

3. Distribution of net profit

Reserve for net revaluation according to the equity method	0	0	-1,635,519	3,822,452
Extraordinary dividend for the financial year	0	30,000,000	0	30,000,000
Non-controlling interests	429,267	251,562	0	0
Retained earnings	6,433,337	-18,794,370	8,068,856	-22,616,822
Total	6,862,604	11,457,192	6,433,337	11,205,630

4. Intangible assets

Figures in DKK	Completed development projects	Goodwill	Development projects in progress
Group:			
Cost as at 01.01.17	34,557,460	1,664,773	4,360,866
Additions during the year	0	0	7,997,776
Transfers during the year to/from other items	3,476,930	0	-3,476,930
Cost as at 31.12.17	38,034,390	1,664,773	8,881,712
Amortisation and impairment losses as at 01.01.17	-30,595,150	-889,136	0
Amortisation during the year	-1,706,319	-332,904	0
Amortisation and impairment losses as at 31.12.17	-32,301,469	-1,222,040	0
Carrying amount as at 31.12.17	5,732,921	442,733	8,881,712
Parent			
Cost as at 01.01.17	34,495,266	0	4,360,866
Additions during the year	0	0	7,997,776
Transfers during the year to/from other items	3,476,930	0	-3,476,930
Cost as at 31.12.17	37,972,196	0	8,881,712
Amortisation and impairment losses as at 01.01.17	-30,595,150	0	0
Amortisation during the year	-1,706,319	0	0
Amortisation and impairment losses as at 31.12.17	-32,301,469	0	0
Carrying amount as at 31.12.17	5,670,727	0	8,881,712

5. Property, plant and equipment

Figures in DKK	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:			
Cost as at 01.01.17	52,315,490	15,949,833	21,480,340
Additions during the year	0	0	425,756
Disposals during the year	0	0	-1,313,218
Cost as at 31.12.17	52,315,490	15,949,833	20,592,878
Depreciation and impairment losses as at 01.01.17	-27,705,437	-13,679,484	-17,821,215
Depreciation during the year	-1,370,578	-224,901	-1,007,752
Depreciation of and impairment losses on disposed assets for the year	0	0	1,164,818
Transfers during the year to/from other items	357,879	427,957	0
Depreciation and impairment losses as at 31.12.17	-28,718,136	-13,476,428	-17,664,149
Carrying amount as at 31.12.17	23,597,354	2,473,405	2,928,729
Carrying amount of assets held under finance leases as at 31.12.17	0	0	0
Parent:			
Cost as at 01.01.17	39,942,803	14,793,702	20,053,494
Additions during the year	0	0	42,470
Disposals during the year	0	0	-1,313,218
Cost as at 31.12.17	39,942,803	14,793,702	18,782,746
Depreciation and impairment losses as at 01.01.17	-27,347,558	-13,251,527	-17,723,935
Depreciation during the year	-1,370,578	-224,901	-957,705
Depreciation of and impairment losses on disposed assets for the year	0	0	1,164,818
Depreciation and impairment losses as at 31.12.17	-28,718,136	-13,476,428	-17,516,822
Carrying amount as at 31.12.17	11,224,667	1,317,274	1,265,924

6. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Parent:	
Cost as at 01.01.17	5,438,859
Cost as at 31.12.17	5,438,859
Revaluations as at 01.01.17	7,735,333
Foreign currency translation adjustment of foreign enterprises	738,772
Amortisation of goodwill	-332,904
Net profit/loss from equity investments	-3,174,044
Revaluations as at 31.12.17	4,967,157
Depreciation and impairment losses as at 01.01.17	4,288,544
Negative equity value impaired in receivables	1,871,211
Depreciation and impairment losses as at 31.12.17	6,159,755
Carrying amount as at 31.12.17	16,565,771

Name and Registered office:	Ownership interest	Equity	Net profit/loss for the year	Recognised value
Group enterprises:				
Cabinplant Deutschland GmbH, Hermsdorf	65%	5,157,935	1,226,475	3,352,658
Cabinplant Sp. Z.o.o., Katy Wroclawskie	100%	11,566,748	-1,299,834	13,213,113
Cabinplant SL, Barcelona	100%	-5,342,611	-775,951	0
Cabinplant Inc., Georgia, USA	100%	-817,144	-1,895,468	0

7. Deposits

Figures in DKK	Deposits
Group:	
Cost as at 01.01.17	78,153
Cost as at 31.12.17	78,153
Parent	
Cost as at 01.01.17	78,153
Cost as at 31.12.17	78,153

	Group		Parent	
	31.12.17 DKK	31.12.16 DKK	31.12.17 DKK	31.12.16 DKK
8. Prepayments				
Prepaid insurance premiums	503,768	1,107,893	503,768	1,107,893
Prepaid suppliers	4,478,125	946,477	4,366,680	842,103
Other prepayments	1,655,222	1,912,976	1,655,222	1,912,976
Total	6,637,115	3,967,346	6,525,670	3,862,972

9. Share capital

The share capital consists of:

	Quantity	Nominal value
Shares nom. DKK 1,000	1,050	1,050,000

	Group		Parent	
	31.12.17 DKK	31.12.16 DKK	31.12.17 DKK	31.12.16 DKK

10. Non-controlling interests

Non-controlling interests, beginning of year	1,377,010	2,092,448	0	0
Foreign currency translation adjustment of foreign enterprises	0	69,000	0	0
Purchase of non-controlling interests	0	-1,036,000	0	0
Net profit/loss for the year (distribution of net profit)	429,267	251,562	0	0
Total	1,806,277	1,377,010	0	0

11. Deferred tax

Additions relating to mergers and acquisition of enterprises as at 01.01.17	6,812,024	6,815,258	7,842,436	7,412,907
Deferred tax recognised in the income statement	349,725	429,529	349,725	429,529
Additions relating to mergers and acquisition of enterprises as at 31.12.17	7,161,749	7,244,787	8,192,161	7,842,436

Defered tax comprises:

Deferred tax asset	-1,082,453	-673,531	0	0
Deferred tax liability	8,244,202	7,918,318	0	0
Total	7,161,749	7,244,787	0	0

12. Longterm payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.17	Total payables at 31.12.16
Group:				
Mortgage debt	2,124,856	11,038,892	20,226,903	22,561,603
Payables to other credit institutions	250,000	0	452,468	702,987
Lease commitments	574,243	0	670,844	1,531,228
Other payables	0	3,056,656	3,056,656	3,294,655
Total	2,949,099	14,095,548	24,406,871	28,090,473
Parent:				
Mortgage debt	973,358	9,602,623	14,515,144	15,613,146
Lease commitments	574,243	0	670,844	1,531,228
Total	1,547,601	9,602,623	15,185,988	17,144,374

13. Derivative financial instruments

The Board of Directors lays down the framework for the conclusion of contracts for derivative financial instruments. The enterprise concludes contracts for the sole purpose of hedging the interest rates on the future payments of variable interest on mortgage debt. The interest swap has a principal og DKK 14.638k and a maturity of 14 years with expiration on 30.03.32. The interest swap has a fair value of DKK -1.469k on 31.12.17. The change in fair value has been recognized directly on the equity. The interest swap has been concluded with a Danish financial institution.

14. Contingent assets

Group:

The enterprise has no contingent assets.

Parent:

The company has no contingent assets.

15. Contingent liabilities

Group:

Lease commitments

The enterprise has concluded lease agreements with terms to maturity in 2018-2022 and a total lease payment of DKK 3.866k.

The enterprise has concluded warehouse lease with a notice period of 6 months.

Parent:

Lease commitments

The company has concluded lease agreements with terms to maturity in 2018-2022 and a total lease payments of DKK 3.866k.

The company has concluded warehouse lease with a notice period of 6 months.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The maximum liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent. The maximum liability totals DKK 4,164k at the balance sheet date, of which DKK 4.164k is recognised in the balance sheet. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

16. Charges and security

Group:

Land and buildings with a carrying amount of DKK 23,597k have been provided as security for mortgage debt of DKK 20,227k. As security for bank engagements a letter of indemnity of DKK 10,000k is registered.

Parent:

Land and buildings with a carrying amount of DKK 11.225k have been provided as security for mortgage debt of DKK 14.515k. As security for bank engagements a letter of indemnity of DKK 10.000k is registered.

17. Related parties

Controlling influence:	Basis of influence
CTB Denmark Holding ApS, København	Ownership

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 1. Employee aspects.

The company is included in the consolidated financial statements of the parent CTB Denmark Holding ApS, København.

	Group	
	2017 DKK	2016 DKK
18. Adjustments for the cash flow statement		
Other operating income	-490,887	-493,279
Depreciation, amortisation, impairment losses and write-downs	6,507,919	7,421,804
Other operating costs	0	737,163
Income from equity investments in associate	0	37,218
Financial income	-3,409,610	-468,403
Financial expenses	5,218,453	3,242,650
Tax on profit or loss for the year	3,278,780	4,104,845
Other adjustments	490,887	-243,884
Total	11,595,542	14,338,114

19. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control. Enterprises in which the group holds equity investments, between 20% and 50% of the voting rights and in which it has significant interest but not control, are considered associates.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

19. Accounting policies - continued -

Non-controlling interests

The financial items of the subsidiaries are recognised in full in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' equity is classified as a part of consolidated equity. The subsidiaries' results are distributed proportionately to non-controlling interests and the parent's equity interest.

Purchase and sale of non-controlling interests in a subsidiary which do not result in the parent losing control of the subsidiary are treated in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the parent's equity interest.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of foreign subsidiaries and associates which are independent entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity.

Translation adjustments of intercompany balances with independent foreign subsidiaries and associates, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

19. Accounting policies - continued -

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

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

19. Accounting policies - continued -

INCOME STATEMENT

Revenue

Income from the delivery of services is recognised as delivery takes place, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

Production costs

Costs incurred, directly or indirectly, to generate the revenue for the year, including raw materials and consumables, wages and salaries and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the production process, are recognised under production costs.

Distribution costs

Costs for the distribution of goods sold during the year and sales campaigns etc., including wages and salaries for sales staff, advertising and exhibition costs etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the distribution and sales activity, are recognised under distribution costs.

Administrative expenses

Expenses incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognised under administrative expenses.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

19. Accounting policies - continued -

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Completed development projects	5	0
Goodwill	5	0
Buildings	20-30	0
Plant and machinery	10-20	0
Other plant, fixtures and fittings, tools and equipment	3-8	0

Goodwill is amortised over 5 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise’s activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group enterprises and associates

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises’ profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in subsidiaries and associates also comprises gains and losses on the sale of equity investments.

19. Accounting policies - continued -

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

19. Accounting policies - continued -

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Gains and losses on the disposal of intangible assets

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the ‘Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group enterprises

Equity investments in subsidiaries and associates are measured in the balance sheet of the parent according to the equity method, meaning that these equity investments are measured at the proportionate share of the enterprises’ equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of positive or negative goodwill and gains and losses on transactions with the enterprises in question.

19. Accounting policies - continued -

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost calculated according to the FIFO principle. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

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

19. Accounting policies - continued -

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.
When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

19. Accounting policies - continued -

Equity

The net revaluation of equity investments in subsidiaries and associates is recognised in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Current and deferred tax

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

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

19. Accounting policies - continued -

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.