SFK LEBLANC A/S

Albuen 37, DK-6000 Kolding

CVR no. 76 54 76 10

Annual report 2015

Approved at the Company's annual general meeting on 17/3 2016

Chairman:

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Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of SFK LEBLANC A/S for the financial year 1 January - 31 December 2015.

The financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and supplementary Danish disclosure requirements of the Danish Financial Statements Act

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

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

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

Kolding, 14 March 2016
Executive Board:

Ib Sand Nykjær
CEO

Board of Directors:

Hans Lohmann Chairman	Steen Parsholt	Paul Gustave Frohn
Per Høholt	Kurt Karlsen	Finn Ejsing Andreasen

Independent auditors' report

To the shareholders of SFK LEBLANC A/S

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

We have audited the consolidated financial statements and the parent company financial statements of SFK LEBLANC A/S for the financial year 1 January - 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

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

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

Opinion

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

Independent auditors' report

Statement on the Management's review

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

Aarhus, 14 March 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Steen Skorstengaard
State Authorised
Public Accountant

Management's review

Company details

Name	SFK LEBLANC A/S
Address, zip code, city	Albuen 37, DK-6000 Kolding
CVR no.	76 54 76 10
Established	16 October 1999
Registered office	Kolding
Financial year	1 January - 31 December
Website	www.sfkleblanc.com
E-mail	dk@sfkleblanc.com
Telephone	+45 76 34 27 00
Board of Directors	Hans Lohmann, Chairman Steen Parsholt Paul Gustave Frohn Per Høholt Kurt Karlsen Finn Ejsing Andreasen
Executive Board	Ib Sand Nykjær
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, DK-8000 Aarhus C

Management's review

Financial highlights for the Group

DKK'000	2015	2014	2013	2012	2011
Key figures					
Revenue	644,635	557,732	501,267	379,985	417,555
Gross profit	190,578	133,482	143,321	86,019	90,764
Operating profit	48,407	14,625	37,785	12,868	40,590
Financial income and expense, net	-3,095	-4,435	-6,889	-2,929	-8,236
Profit/loss for the year	**26,507**	**4,323**	**19,467**	**2,615**	**24,944**
Total assets	532,509	509,319	526,296	389,088	371,535
Portion relating to investment in property, plant and equipment	47,393	50,006	51,697	31,476	34,858
Equity	**241,965**	**239,070**	**230,402**	**141,793**	**138,311**
Cash flows from operating activities	108,895	20,165	20,130	21,080	9,842
Net cash flows from investing activities	-18,950	-8,181	-15,999	-9,193	20,993
Cash flows from financing activities	-27,395	-29,581	-8,303	-8,576	-18,231
Total cash flows	**62,550**	**-17,597**	**-4,172**	**3,311**	**12,604**
Financial ratios					
Gross margin	29.6%	23.9%	28.6%	22.6%	21.7%
Operating margin	7.5%	2.6%	7.5%	3.4%	9.7%
Return on assets	5.1%	2.8%	8.3%	3.4%	11.1%
Equity ratio	45.4%	46.9%	43.8%	36.4%	37.2%
Average number of full-time employees	**461**	**488**	**487**	**337**	**340**

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.

As IFRS was implemented in 2014 the financial highlights for the years 2011 to 2012 are prepared in accordance with Danish GAAP.

Management review

The Group's business review

The main activities of the Group are global sales, engineering, production, installation and service of plants and machinery for industrial slaughtering.

Furthermore, the Group manufacturers and delivers Food Production Logistics systems, selected weighing/data systems as well as yield control and tracking systems.

The production takes place at facilities in Denmark, China, Holland and Canada, while the Group has sales organizations in Denmark, China, Holland, Canada, USA and Russia.

Financial review

The consolidated net profit for the year ended 31 December 2015 is DKK 26,507 thousand, which is in line with expectations. The balance sheet at 31 December 2015 for the Group shows total assets of DKK 532,509 thousand and shareholders' equity of DKK 241,965 thousand.

We expect increased activity and earnings on all our markets in 2016.

At 31 December 2015, the company owns own shares corresponding to 10.14% of the share capital.

Knowledge resources

The leading position of the Group within the slaughtering industry must be maintained through continued development of new technology and products.

This requires that employees acquire new knowledge and are willing to participate in necessary changes. This effort will be supported through staff development, education and a positive working environment.

The development in employees in 2015 is illustrated below:

	Denmark	Subsidiaries
Number of employees 1 January 2015	124	331
Recruitment in the financial year	25	113
Resigned in the financial year	-16	-91
Number of employees 31 December 2015	133	353

Special risks

Unusual risks

The Group has no particular commercial or financial risks other than risks of common occurrence within the industry. The Group considers the risks in the industry to be related to the global market conditions.

Financial risks

The Group is exposed to changes in exchange rates and interest rates due to its operational and financial set-up. The Group manages its financial risks through currency hedging instruments.

Management review

Impact on the external environment

The Group has ratified environmental protection legislation for manufacturers of iron, steel and metal.

Research and development activities

The Group's development activities are expected to increase compared to previous years, and there will be continued focus on exploiting knowledge and experience across the Group. In addition to development activities carried out by the Group, staff development is pursued in close co-operation with customers, know-how and industry organizations. The Group protects its intellectual rights by taking out relevant patents.

Corporate Social Responsibility (CSR)

The Group currently has no written policies regarding its Corporate Social Responsibility, human rights and climatic impact.

However, the Group has a written guideline which states that the Group must act in a responsible and respectful manner in social matters, and that the Group must have high focus on safety in the workplace, both at its own premises and when working at customers' sites. Our contracts with suppliers include direct references to the UN's Global Compact and focuses on the expectations which the Group has to its suppliers and their sub suppliers in terms of legal and ethical behaviour.

The Group has handed out its "Business Conduct for Suppliers" to its main suppliers. If suppliers cannot subscribe to the positions stated, they cannot be suppliers to the Group.

The results of the supplier policy are frequently reviewed with the suppliers. In 2016, the Group will continue expanding the number of suppliers that have to accept the Group's "Business Conduct for Suppliers".

The work environment is frequently evaluated by a health and safety committee which regularly in cooperation with Management considers how to improve the work environment in order to avoid accidents and nearby accidents. The work environment also includes active sorting of waste to mitigate the environmental impact.

In 2015, the Group registered 3 accidents at work and 0 nearby accidents, which is slightly lower than the 2014-level. One accident at work is one too many, no matter how serious it may be, and by means of the health and safety committee the Group aims to eliminate accidents at work as well as nearby accidents.

Account of the gender composition of management

In 2015, the gender distribution of the members of the board of directors elected at the Company's ordinary shareholders' meeting was 0 women and 4 men.

In 2015, the gender distribution of the Group's management team was 4 woman and 12 men.

In accordance with the Danish act on gender distribution of management in Danish companies, the Company decided that the board members elected at the ordinary shareholders' meeting and the Group management team must have at least 40% of the underrepresented gender by 31 December 2018.

The target figure is higher than the distribution of women and men in the company as a whole where 16% are women and 84% were men as of 31 December 2015.

Management review

Shareholders

LD Equity 2 K/S, which owns 100% of:

- LDE Holding 2 ApS, which owns 95% of:
- Equity Datterholding 2 ApS, which owns 73.5% of SFK LEBLANC A/S including own shares

Nawiblo Holding B.V., which owns 26.5% of:

- SFK LEBLANC A/S including own shares

Steen Parsholt, Hans Lohmann and Per Høholt have been appointed members of the Board of Directors by LD Equity 2 K/S. Paul Frohn has been appointed member of the Board of Directors by Nawiblo Holding B.V. Furthermore, the company's employees have elected Finn Ejsing Andreasen and Kurt Karlsen to the Board of Directors.

The Board of Directors of the Group companies ensures that the executive board comply with the objectives, strategies and business processes decided by the Board of Directors. The Board of Directors and the executive board ensure that the Group governance structure and control systems are appropriate and function appropriately. The executive board reviews the government structure and control systems on an ongoing basis.

The Board of Directors holds at least four meetings a year according to a predetermined schedule. An annual strategy seminar is normally held in connection with the ordinary board meetings at which the objectives and strategy of the Group are defined. Between ordinary board meetings, the Board of Directors receives written information on the Group results and financial position, and extraordinary board meetings are summoned if required by circumstances. Six meetings were held in 2015.

Other executive positions held by the Board of Directors and the executive board are specified in note 26.

Post balance sheet events

No events have occurred after the financial year end which could significantly affect the Group's financial position.

Outlook

Both revenues and earnings are expected to increase in year 2016 compared to year 2015.

Recommendation for responsible ownership and corporate governance

LD Equity 2 K/S is subject to the guidelines of the Danish Venture and Private Equity Association (DVCA) for responsible ownership and corporate governance for private equities, and therefore the Group is subject to the same guidelines.

The Group follows DVCA's guidelines with exception of the breakdown of earnings per business area, as this has been omitted for competitive reasons. The company does not have an audit committee since the Board of Directors manages this task.

DVCA's guidelines can be found on the homepage www.dvca.dk.

Consolidated financial statements for the period 1 January – 31 December

Income statement

Note	DKK'000	2015	2014
3	**Revenue**	644,635	557,732
4,5	Production costs	-454,057	-424,250
	Gross profit	190,578	133,482
5	Distribution costs	-61,301	-43,521
5	Administrative expenses	-60,184	-50,904
7	Other operating costs	-2,195	-7,262
	Operating profit before depreciations	66,898	31,795
6	Depreciations, amortisation and impairment of noncurrent assets	-18,491	-17,170
	Operating profit	48,407	14,625
8	Financial income	2,427	1,993
9	Financial expenses	-5,522	-6,428
	Profit before tax	45,312	10,190
10	Tax for the year	-18,805	-5,867
	Profit for the year	26,507	4,323

Statement of comprehensive income

Note	DKK'000	2015	2014
	Profit for the year	26,507	4,323
	Items that are or may be reclassified subsequently to profit or loss:		
	Unrealized gain on forward exchange contracts for the year	-18,407	-649
	Unrealized gain on forward exchange contracts transferred to financial expenses	649	359
	Exchange rate gain/loss on foreign operations	-6,226	4,431
	Tax	372	204
	Other comprehensive income for the year after tax	-23,612	4,345
	Comprehensive income for the year	2,895	8,668

Consolidated financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	2015	2014
	ASSETS		
	Non-current assets		
11	Intangible assets		
	Goodwill	162,122	169,497
	Development completed	15,103	14,474
	Acquired intangible assets	19,478	19,839
	Development in progress	3,349	1,616
		200,052	205,426
12	Property, plant and equipment		
	Land and buildings	38,696	39,374
	Plant and machinery	5,350	6,956
	Fixtures and fittings, tools and equipment	3,347	3,676
		47,393	50,006
	Investments		
17	Deferred tax asset	40,714	36,650
		40,714	36,650
	Total non-current assets	288,159	292,082
	Current assets		
14	Inventories	69,284	71,031
	Receivables		
15	Trade receivables	68,661	89,769
16	Construction contracts	28,257	23,924
	Income taxes receivables	0	344
	Other receivables	4,748	6,105
	Prepayments	6,159	5,830
		107,825	125,972
	Securities and investments	575	575
	Cash at bank and in hand	66,666	19,659
	Total current assets	244,350	217,237
	TOTAL ASSETS	532,509	509,319

Consolidated financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
18	Share capital	9,922	9,922
	Reserve for value adjustments of hedging transactions	-17,876	-490
	Reserve for foreign exchange adjustments	-8,524	-2,298
	Reserve for treasury shares	-8,726	-8,726
	Retained earnings	267,169	240,662
	Total equity	241,965	239,070
	Liabilities		
	Non-current liabilities		
17	Deferred tax	2,424	3,168
19	Subordinate loan capital	0	4,981
19	Other Credit institutions	13,378	13,663
		15,802	21,812
	Current liabilities		
19	Current portion of subordinate loan	4,993	0
19	Current portion of other non-current liabilities	18,973	48,702
	Other Credit institutions	0	15,543
20	Other provisions	7,768	6,572
16	Construction contracts	124,437	65,548
	Trade payables	53,258	60,122
	Income taxes	4,737	3,145
	Deferred income	0	197
	Other payables	60,576	48,608
		274,742	248,437
	Total liabilities	290,544	270,249
	TOTAL EQUITY AND LIABILITIES	532,509	509,319

Consolidated financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Value adjustments of hedging transactions	Foreign exchange adjustments	Treasury shares	Retained earnings	Total
Equity at 1 January 2014	9,922	-404	-6,729	-8,726	236,339	230,402
Comprehensive income for the year						
Profit for the year	0	0	0	0	4,323	4,323
Other comprehensive income						
Unrealized loss on currency and interest swap in group companies	0	539	0	0	0	539
Unrealized gain on forward exchange contract	0	-829	0	0	0	-829
Exchange rate on foreign operations	0	0	4,431	0	0	4,431
Tax on other comprehensive income	0	204	0	0	0	204
Comprehensive income for the year in total	0	-86	4,431	0	4,323	8,668
Equity at 31 December 2014	9,922	-490	-2,298	-8,726	240,662	239,070

DKK'000	Share capital	Value adjustments of hedging transactions	Foreign exchange adjustments	Treasury shares	Retained earnings	Total
Equity at 1 January 2015	9,922	-490	-2,298	-8,726	240,662	239,070
Comprehensive income for the year						
Profit for the year	0	0	0	0	26,507	26,507
Other comprehensive income						
Unrealized loss on currency and interest swap in group companies	0	-16,148	0	0	0	-16,148
Unrealized gain on forward exchange contract	0	-1,610	0	0	0	-1,610
Exchange rate on foreign operations	0	0	-6,226	0	0	-6,226
Tax	0	372	0	0	0	372
Comprehensive income for the year in total	0	-17,386	-6,226	0	26,507	2,895
Equity at 31 December 2015	9,922	-17,876	-8,524	-8,726	267,169	241,965

Consolidated financial statements for the period 1 January – 31 December

Cash flow statement

Note	DKK'000	Consolidated 2015	2014
	Operating profit	48,407	14,625
	Depreciation, amortisation and impairment losses	18,491	17,170
	Provisions	809	945
	Changes in receivables	17,803	13,814
	Changes in inventories	1,747	-2,874
	Changes in trade payables	-6,864	10,427
	Changes in other working capital	52,902	-11,859
	Cash generated from operations (operating activities)	133,295	42,248
	Interest received	2,427	1,993
	Interest paid	-5,522	-6,296
	Cash generated from operations (ordinary activities)	130,200	37,945
	Corporation tax paid	-21,305	-17,780
	Cash flows from operating activities	108,895	20,165
	Acquisition of property, plant and equipment	-18,950	-8,181
	Cash flows from investing activities	-18,950	-8,181
	External financing:		
	Contracting of long-term liabilities	-27,395	-29,581
	Cash flows from financing activities	-27,395	-29,581
	Net cash flows from operating, investing and financing activities	62,550	-17,597
	Cash and cash equivalents at 1 January	4,116	21,713
	Cash and cash equivalents at 31 December	66,666	4,116

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Parent company financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2015	2014
3	**Revenue**	253,345	215,436
4,5	Production costs	-175,815	-166,454
	Gross profit	77,530	48,982
5	Distribution costs	-27,685	-21,418
5	Administrative expenses	-16,880	-14,942
7	Other operating costs	-686	-1,985
	Operating profit before depreciations	32,279	10,637
6	Depreciations, amortisation and impairment of noncurrent assets	-8,083	-7,296
	Operating profit	24,196	3,341
8	Financial income	3,754	3,055
9	Financial expenses	-3,905	-4,542
	Profit before tax	24,045	1,854
10	Tax for the year	-6,282	-808
	Profit for the year	17,763	1,046
	Proposed profit appropriation		
	Retained earnings	17,763	1,046
		17,763	1,046

Statement of comprehensive income

Note	DKK'000	2015	2014
	Profit for the year	17,763	1,046
	Items that are or may be reclassified subsequently to profit or loss:		
	Unrealized gain on forward exchange contracts for the year	-2,259	-649
	Unrealized gain on forward exchange contracts transferred to financial expenses	649	-180
	Tax	372	204
	Other comprehensive income for the year after tax	-1,238	-625
	Comprehensive income for the year	16,525	421

Parent company financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	ASSETS		
	Non-current assets		
11	**Intangible assets**		
	Development completed	3,148	3,679
	Acquired Intangible assets	8,255	10,927
	Development in progress	3,348	1,616
		14,751	16,222
12	**Property, plant and equipment**		
	Land and buildings	10,225	11,266
	Plant and machinery	1,004	1,229
	Fixtures and fittings, tools and equipment	684	689
		11,913	13,184
	Investments		
13	Investments in subsidiaries	132,805	132,771
	Receivables from group companies	66,671	78,961
17	Deferred tax asset	15,022	20,471
		214,498	232,203
	Total non-current assets	241,162	261,609
	Current assets		
14	**Inventories**	32,764	31,302
	Receivables		
15	Trade receivables	22,910	33,660
16	Construction contracts	21,602	16,374
	Receivables from group companies	64,324	20,019
	Other receivables	2,774	2,926
	Prepayments	2,170	1,990
		113,780	74,969
	Securities and investments	575	575
	Cash at bank and in hand	23,266	3,577
	Total current assets	170,385	110,423
	TOTAL ASSETS	411,547	372,032

Parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
18	Share capital	9,922	9,922
	Reserve for value adjustments of hedging transactions	-1,728	-490
	Reserve for treasury shares	-8,726	-8,726
	Reserve for retained earnings	230,066	212,303
	Total equity	229,534	213,009
	Liabilities		
	Non-current liabilities		
19	Other credit institutions	13,378	13,663
		13,378	13,663
	Current liabilities		
19	Current portion of non-current liabilities	18,973	48,702
	Other credit institutions	0	15,543
20	Other provisions	2,696	1,860
16	Construction contracts	36,176	30,940
	Trade payables	21,624	22,181
	Payables to group companies	60,490	1,486
	Income taxes	21	182
	Deferred income	0	197
	Other payables	28,655	24,269
		168,635	145,360
	Total liabilities	182,013	159,023
	TOTAL EQUITY AND LIABILITIES	411,547	372,032

Parent company financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Value adjustments of hedging transactions	Treasury shares	Retained earnings	Total
Equity at 1 January 2014	9,922	135	-8,726	211,257	212,588
Comprehensive income for the year					
Profit for the year	0	0	0	1,046	1,046
Other comprehensive income					
Unrealized gain on forward exchange contract	0	-829	0	0	-829
Tax on other comprehensive income	0	204	0	0	204
Comprehensive income for the year in total	0	-625	0	1,046	421
Equity at 31 December 2014	9,922	-490	-8,726	212,303	213,009

DKK'000	Share capital	Value adjustments of hedging transactions	Treasury shares	Retained earnings	Total
Equity at 1 January 2015	9,922	-490	-8,726	212,303	213,009
Comprehensive income for the year					
Profit for the year	0	0	0	17,763	17,763
Other comprehensive income					
Unrealized gain on forward exchange contract	0	-1,610	0	0	-1,610
Tax on other comprehensive income	0	372	0	0	372
Comprehensive income for the year in total	0	-1,238	0	17,763	16,525
Equity at 31 December 2015	9,922	-1,728	-8,726	230,066	229,534

Parent company financial statements for the period 1 January – 31 December

Cash flow statement

Note	DKK'000	Parent company 2015	Parent company 2014
	Operating profit	24,196	3,341
	Depreciation, amortisation and impairment losses	8,083	7,296
	Provisions	-1,783	-2,023
	Changes in receivables	-26,521	6,650
	Changes in inventories	-1,462	-2,795
	Changes in trade payables	58,447	2,819
	Changes in other working capital	7,815	1,042
	Cash generated from operations (operating activities)	68,775	16,330
	Interest received	3,754	3,055
	Interest paid	-3,905	-4,542
	Cash generated from operations (ordinary activities)	68,624	14,843
	Corporation tax paid	-622	-803
	Cash flows from operating activities	68,002	14,040
	Acquisition of property, plant and equipment	-5,341	-4,650
	Addition of investments	-34	0
	Cash flows from investing activities	-5,375	-4,650
	External financing:		
	Contracting of long-term liabilities	-27,395	-26,092
	Cash flows from financing activities	-27,395	-26,092
	Net cash flows from operating, investing and financing activities	35,232	-16,702
	Cash and cash equivalents at 1 January	-11,966	4,736
	Cash and cash equivalents at 31 December	23,266	-11,966

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

Notes to the financial statements

1 **Accounting policies**

SFK LEBLANC A/S is a private limited company, which is resident in Denmark. The annual report for the period 1 January to 31 December 2015 consists of both the consolidated financial statements for SFK LEBLANC A/S and its subsidiaries (Group) and the financial statement for the parent company.

The financial statements of SFK LEBLANC A/S are presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and supplementary Danish disclosure requirements under the Danish Financial Statements Act.

Implementation of new and changed standards and interpretations

The annual report for 2015 is presented in conformity with all new and revised standards and new interpretations approved by the EU that are relevant for SFK LEBLANC A/S and effective at 31 December 2015.

The implementation of new and amended standards and interpretations has not had material impact on the financial reporting for 2015.

Recognition and measurement in general

Assets are recognised in the balance sheet when it is probable that future financial benefits will accrue to the Group and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Group as a result of a previous event has a legal or actual commitment, and it is probable that future financial benefits will flow out of the Group and the value of the liability can be measured reliably.

Measurement at initial and subsequent recognition of assets and liabilities takes place as described for each individual item below.

At recognition and measurement, various risks and losses which appear before the annual report is presented and which confirm or invalidate matters which existed on the balance sheet day are taken into consideration.

Reporting currency

The annual report is presented in Danish kroner (DKK) and rounded to thousand DKK. DKK is the presentation currency of the activities of the Group and the functional currency of the parent company.

Consolidation

The consolidated financial statements comprise the parent, SFK LEBLANC A/S, and entities controlled by the parent. Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power of an entity. Control may also exist by virtue of an agreement or articles of association or when the parent otherwise has a controlling interest in the subsidiary or actually exercises controlling influence over it.

The existence and effect of potential voting rights that are currently substantive are considered when assessing whether control exists including whether the parent has an exposure or has rights to variable returns from its involvement with the entity.

The consolidated entities' financial statements are prepared in accordance with the accounting policies applied by the parent. The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by adding together like items. Intra-group income, expenses, gains, losses, investments, dividends and balances are eliminated.

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

Notes to the financial statements

1 **Accounting policies (continued)**

Business combinations

Recently acquired or sold subsidiaries are recognised in the consolidated comprehensive income statement for the period in which the parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

The acquisition method is applied to the acquisition of subsidiaries. The cost is made up at the fair value of the consideration. Acquisitions-related costs are recognized in the profit/loss. Conditional payments are recognised at fair value at the amount expected to be paid. Identifiable assets and liabilities in the acquired entities are recognised at the fair value at the time of acquisition. Provisions for restructuring expenses relating to the acquired entity are recognised if the restructuring has been decided at the time of acquisition. Provisions for deferred tax are recognized according to fair value revaluations of assets and liabilities. Any residual difference between the cost and the Group's share of the fair value of the identifiable assets and liabilities including deferred tax is recognised as goodwill or negative goodwill.

If there is uncertainty regarding the identification or measurement of acquired assets, liabilities and contingent liabilities or the determination of the consideration at the date of acquisition, initial recognition is based on provisional values. The provisional values can be adjusted or additional assets or liabilities included until 12 month after the acquisition date. If new information has occurred regarding circumstances that existed at the time of acquisition which would have affected the statement of value at the time of acquisition if the information had been known, assets and liabilities including goodwill are restated accordingly.

Currency translation

The functional currency is determined for each of the reporting entities. The functional currency is the currency primarily used by the individual reporting enterprise in connection with day-to-day operations. Transactions in another currency than the functional currency are transactions in foreign currency.

Transactions in another currency than the functional currency are translated at a periodic average currency rate or the exchange rate on the transaction date. Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rate on the balance sheet date. Any foreign exchange differences between rates prevailing on the date of transaction and the payment date or the balance sheet date, as the case may be, are recognized in the comprehensive income statement as financial items.

Foreign group entities

As regards integral foreign operations, the items in their financial statements are translated using the following principles:

- Balance sheet items are translated at the closing rate.
- Items in the comprehensive income statement are translated at an average periodic exchange rate.

Any exchange differences resulting from the translation of the opening equity at the closing rate and the exchange adjustment of the items in the comprehensive income statement from the rate at the date of the transaction to the closing rate are recognized through other comprehensive income and attributed to a separate translation reserve 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)

Derivative financial instruments

On initial recognition, derivative financial instruments are measured at fair value. On subsequent recognition, derivative financial instruments are measured at fair value at the balance sheet date. Positive and negative fair values are recognised as other receivables and other payables, respectively.

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

Fair value adjustments of derivative financial instruments designated and qualifying as a cash flow hedge are taken to equity until the hedged transaction is carried through. Where the future transaction results in recognition of an asset or a liability, the accumulated fair value adjustment is transferred from equity to the cost of the asset or liability. Where the future transaction results in income or expenses, the accumulated fair value adjustment is transferred from equity to the comprehensive income statement together with the hedged item.

Fair value adjustments of derivative financial instruments which do not qualify for being treated as hedging instruments are recognised in the comprehensive income statement as financial income or expenses.

Comprehensive Income

Revenue

Revenue from the supply of service and spare parts are recognised as revenue in line with the services agreed being supplied, so that the revenue corresponds to the sales value of the work completed in the financial year.

Construction contracts are recognised as revenue as the production is carried through, meaning that the revenue corresponds to the fair value of contracts completed in the financial year (percentage of completion method).

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities.

Production costs

Production costs comprise direct and indirect expenses relating to raw materials, consumables, labour, rent, and leasing.

Production costs regarding construction contracts for third parties are recognised as incurred.

Production costs further include research and development costs not satisfying the capitalisation criteria.

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

Notes to the financial statements

1 **Accounting policies (continued)**

Distribution expenses

Distribution expenses include expenses relating to sale and distribution in the year, including expenses relating to sales staff, advertising and exhibitions.

Administrative expenses

Administrative expenses include expenses incurred in the year for purposes of managing and administering the company, including expenses relating to administrative staff, management, office premises/expenses.

Government grants

Government grants for research and development costs are recognized in profit or loss as other operating income on a systematic basis over the period in which the Group recognizes the expenses for which the grants are intended to compensate.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

Property, plant and equipment are depreciated on a straight line basis over the expected useful life of each individual asset. The depreciation basis is the cost.

The expected useful lives of the assets are as follows:

	Useful life (year)
Buildings	10-40
Plant and machinery	5-10
Other fixtures and fittings, tools and equipment	3-5
Development cost	3-4
Other intangible assets	3-5
Customer relations	10
Brand Value	10

Financial income and expenses

Financial income and expenses are recognised in the comprehensive income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, dividends declared from other securities and investments, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

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

Notes to the financial statements

1 **Accounting policies (continued)**

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the comprehensive income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Current tax liabilities and current tax receivable, respectively, are recognised in the balance sheet, computed as calculated tax of the taxable income of the year, adjusted for tax paid on account.

Deferred tax is recognised and measured by the balance orientated liability method of all temporary differences between book value and value for tax of assets and liabilities. Tax value of the assets is computed on the basis of the planned use of the individual asset.

Deferred tax is measured on the basis of the tax rules and the rates of tax in the respective countries, which with the legislation on the balance sheet day, will apply when the deferred tax is expected triggered as current tax. Change in deferred tax as a result of changes in tax rates is recognised in the comprehensive income statement.

Deferred tax assets, including value for tax of tax losses allowed for carry forward are recognised in the balance sheet with the value at which the asset is expected to be realised, either through set off in deferred tax liabilities or as net tax assets.

Balance sheet

Goodwill

Goodwill is measured in the balance sheet at cost in connection with initial recognition. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to the cash flow generating units as defined by Management. The determination of cash generating units complies with the managerial structure and the internal control and reporting in the Group.

Other intangible assets

Acquired intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development projects are capitalised if they are clearly defined and identifiable and the following recognition criteria can be satisfied:

- the technical feasibility of completing the project can be demonstrated,
- plans are to produce and market the product or to use the product or the process,
- sufficient technical and financial resources to complete and use or sell the project are available,
- it is probable that the project will generate future economic benefits and that a potential, future market or possibility of internal use in the entity exists,
- the cost can be made up reliably.

Development costs not satisfying the above criteria are expensed in the comprehensive income statement as incurred.

The cost of development projects is measured at direct costs incurred as well as a portion of costs indirectly attributable to the individual development projects.

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

Notes to the financial statements

1 **Accounting policies (continued)**

Tangible assets

Land and buildings, plant and facilities and other fixtures and fittings are measured at cost less accumulated depreciation and impairment losses. Depreciations are not recognized at Land, as scrap value expects to exceed carrying amounts.

Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use. The cost of self-constructed non-current assets includes the cost of direct materials and labour, etc. directly used in the production process and a portion of the relating production overheads.

Investments in group entities

Investments in subsidiaries are measured at cost less impairment. Where the cost exceeds the recoverable amount, an impairment loss is recognized to this lower value.

Impairment test

Goodwill is tested for impairment at least once a year and when there is indication of impairment, the first time being before the end of the year of acquisition. The carrying amounts of other non-current assets are reviewed each year to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the fair value of the assets less expected disposal costs or value in use.

Impairment losses are recognized if the carrying amount of an asset or a cash generating unit exceeds the recoverable amount of the asset or the cash generating unit. Impairment losses are recognized in the comprehensive income statement under the same heading as the related amortization and depreciation. Impairment of goodwill is not reversed. Recognition of impairment of other assets is reversed to the extent that changes have taken place in the assumptions and estimates that led to the recognition of impairment.

Loss on impairment is only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount which the asset would have had after depreciation or amortization if the asset had not been written down for impairment.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Work in progress and finished goods are measured at manufacturing cost, which includes the cost of raw materials, consumables and direct payroll costs plus production overheads.

Production overheads comprise direct attributable costs incurred in connection with processing raw materials into finished goods, including labour as well as maintenance and amortisation/depreciation of intangible assets and property, plant and equipment used in the production process.

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

Notes to the financial statements

1 **Accounting policies (continued)**

Receivables

Receivables are recognized initially at fair value and subsequently measured at amortised cost. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables with similar risks are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Construction contracts

Ongoing service supplies and construction contracts are measured at the fair value of the work performed less advances received. The fair value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected, total expenses on each individual construction contract.

Where the outcome of a construction contract cannot be made up reliably, the fair value is measured at the costs incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the construction contract are expected to exceed the total fair value, the expected loss is recognised as a loss making agreement under 'Provisions' and is expensed in the comprehensive income statement.

The value of each construction contract less prepayments is classified as assets when the fair value exceeds prepayments and as liabilities when prepayments exceed the fair value.

The individual construction contract is recognised in the balance sheet under receivables or liabilities dependent on whether the net value, calculated as the purchase price less received prepayments, is negative or positive.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Prepayments are measured at amortised cost.

Securities and investments

Securities and investments are measured at fair value. The fair value is made up at the market value at the balance sheet date if the securities are listed and at a value made up using generally recognised valuation principles if the securities are unlisted.

Cash and cash equivalents

Cash comprises cash balances and bank balances and are measured at amortised cost.

Equity

Treasury shares

Purchases and sales of treasury shares are taken directly to equity under 'Reserve for treasury shares'.

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

Notes to the financial statements

1 Accounting policies (continued)

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on construction contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Income tax

Current tax payables and receivables are recognised in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set off against deferred tax liabilities within the same jurisdiction.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the comprehensive income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows the entity's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are presented using the indirect method and are made up as the profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid net financials and paid income taxes.

Cash flows from investing activities comprise payments in connection with purchase and sale of fixed assets, securities which are part of investment activities and payments in connection with purchase and sale of businesses and activities.

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 flows from financing activities comprise dividends paid to shareholders, capital increases and reductions, borrowings and repayments of interest bearing debt.

Cash and cash equivalents comprise cash and short term securities in respect of which the risk of changes in value is insignificant.

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', cf. below:

Definition of financial ratios:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Operating profit x 100}}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$

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

Notes to the financial statements

2 Disclosure of material uncertainties

The preparation of the annual report requires that Management makes estimates and assumptions that affect the recognised assets and liabilities, including the disclosures made regarding contingent assets and liabilities, when applying the Group's accounting policies.

Management considers the following estimates and assessments essential for preparing the consolidated financial statements.

Revenue/Construction contracts

The total expected costs related to construction contracts are partly based on an estimate, as they include provisions for unforeseen cost deviations in future supplies of raw materials, subcontractor products and service plus commissioning and handing over.

Tangible and intangible assets

Management estimates the useful life and residual values. The asset is then depreciated and amortised systematically over the expected future useful life.

Impairment test

An estimate is made of the future free net cash flow based on budgets and the strategy and projections for subsequent years. Significant parameters in this estimate are discount rate, revenue development, EBIT margins and growth expectations for the years after the budget year.

Deferred tax liabilities and assets

Deferred tax assets are recognised if it is likely that there will be taxable income in the future against which timing differences or tax loss carry forwards may be used. For this purpose, Management estimates the coming years' earning based on budgets and expected growth.

Inventories

The net realisable value of inventories is calculated as selling price less costs of completion and costs necessary to make the sale. The net realisable value is determined, taking into account marketability, obsolescence and development in expected selling prices. Following the economic trend in the market, the individual entities in the Group and Management have given special attention to inventory turnover when determining net realisable value.

Inventories

Estimates are used in determining the level of receivables that cannot be collected according to Management. When evaluating the adequacy of the allowance for doubtful receivables, Management analyses trade receivables and examines changes in customer creditworthiness, customer payment patterns and current economic trends.

Warranties

Warranties are measured on the basis of empirical information covering several years as well as estimates by Management of future trends.

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

Notes to the financial statements

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
3 Revenue				
Segmentation of revenue:				
Domestic	59,038	47,731	59,023	40,753
Foreign	585,597	510,001	194,322	174,683
	644,635	557,732	253,345	215,436
4 Production costs				
Production costs for the year	452,540	420,677	176,593	165,286
Inventory write-down for the year	1,517	3,573	-778	1,168
	454,057	424,250	175,815	166,454
Development cost included in production cost	1,836	2,225	0	149
5 Staff costs				
Wages and salaries	160,082	162,389	69,282	65,750
Pensions	13,338	14,388	5,473	5,167
Other social security costs	14,381	17,109	711	793
	187,801	193,886	75,466	71,710
Staff costs are recognized as follows in the consolidated financial statements and the parent company financial statements:				
Production	123,990	135,151	41,432	40,668
Distribution	33,824	28,684	16,631	14,845
Administration	28,202	24,414	16,952	15,752
Other operating expenses	1,785	5,637	451	445
	187,801	193,886	75,466	71,710
Average number of full-time employees	461	488	124	124

Total remuneration to Board of Directors and Executive Board of DKK 2,889 thousand (2014: DKK 3,116 thousand) are included in staff costs.

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

Notes to the financial statements

	DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
6	**Depreciation, amortisation and impairment losses**				
	Development completed	6,841	6,414	2,199	1,899
	Acquired intangible assets	5,250	4,999	3,861	3,595
	Buildings	2,667	2,644	1,502	1,513
	Plant and equipment	1,748	1,505	239	123
	Other fixtures and fittings, tools and equipment	2,087	1,783	282	253
		18,593	17,345	8,083	7,383
	Losses on the sale of property, plant and equipment	-102	-175	0	-87
		18,491	17,170	8,083	7,296

The Group presents the income statement based on classification of the cost by function in order to show the profit before depreciation, amortisation and impairment (operating profit before depreciation). Depreciation, amortisation and impairment of tangible and intangible assets are therefore separated from the individual functions and presented on separate lines.

Depreciation, amortisation and impairment are divided into:

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
Production cost	12,942	12,165	4,803	4,309
Sales and distribution cost	303	309	23	22
Administration cost	5,246	4,696	3,257	2,965
	18,491	17,170	8,083	7,296

		Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
7	**Other operating cost**				
	Other operating expenses	410	712	235	623
	Restructuring costs	1,785	6,550	451	1,362
		2,195	7,262	686	1,985
8	**Financial income**				
	Interest income from subsidiaries	0	0	3,617	2,909
	Other interest receivable, exchange rate gains and similar income	2,427	1,993	137	146
		2,427	1,993	3,754	3,055
9	**Financial expenses**				
	Interest expense to subsidiaries	0	0	208	61
	Interest expense, exchange rate losses and similar expenses	5,522	6,428	3,697	4,481
		5,522	6,428	3,905	4,542

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

Notes to the financial statements

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
10 Tax on the profit/loss for the year				
Current tax for the year	18,510	9,753	461	689
Current tax for last year	-249	721	0	0
Changes in provision for deferred tax	-851	-5,865	4,425	-1,140
Adjustment of tax rate on deferred tax	1,023	1,054	1,024	1,055
	18,433	5,663	5,910	604
Specified as follows:				
Tax on the profit/loss for the year	18,805	5,182	6,282	808
Tax on the profit/loss for last year	0	685	0	0
Tax on the profit/loss	18,805	5,867	6,282	808
Tax on changes in OCI	-372	-204	-372	-204
	18,433	5,663	5,910	604
Reconciliation of tax rate:				
Tax according to Danish tax rate	11,002	2,425	5,651	454
Differences in the tax rates in foreign subsidiaries	4,957		0	
relative to 23.5% (24.5% in 2013)		2,355		0
Non-taxable income and non-deductible costs	2,470	27	6	15
Differences due to adjustment of tax rate	625	339	625	339
Adjustments of current tax regarding previous years	-249	721	0	0
	18,805	5,867	6,282	808
Effective tax rate	41.5%	57.6%	26.1%	43.6%

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

Notes to the financial statements

11 Intangible assets

DKK'000	Consolidated				
	Development completed	Acquired intangible assets	Goodwill	Development in progress	Total
Cost at 1 January 2014	60,610	26,606	229,733	1,873	318,822
Exchange rate adjustments	42	142	5,986	0	6,170
Additions in the year	366	2,770	0	1,523	4,659
Disposals in the year	0	0	0	-2	-2
Transferred	1,778	0	0	-1,778	0
Cost at 31 December 2014	62,796	29,518	235,719	1,616	329,649
Impairment losses and amortisation at 1 January 2014	41,898	4,577	64,091	0	110,566
Exchange rate adjustments	10	103	2,131	0	2,244
Amortisation in the year	6,414	4,999	0	0	11,413
Accumulated amortisation and impairment losses of disposals	0	0	0	0	0
Impairment losses and amortisation at 31 December 2014	48,322	9,679	66,222	0	124,223
Carrying amount at 31 December 2014	14,474	19,839	169,497	1,616	205,426

DKK'000	Consolidated				
	Development completed	Acquired intangible assets	Goodwill	Development in progress	Total
Cost at 1 January 2015	62,796	29,518	235,719	1,616	329,649
Exchange rate adjustments	-221	-80	-11,960	0	-12,261
Additions in the year	5,980	4,892	0	3,401	14,273
Disposals in the year	0	0	0	0	0
Transferred	1,668	0	0	-1,668	0
Cost at 31 December 2015	70,223	34,330	223,759	3,349	331,661
Impairment losses and amortisation at 1 January 2015	48,322	9,679	66,222	0	124,223
Exchange rate adjustments	-43	-77	-4,585	0	-4,705
Amortisation in the year	6,841	5,250	0	0	12,091
Accumulated amortisation and impairment losses of disposals	0	0	0	0	0
Impairment losses and amortisation at 31 December 2015	55,120	14,852	61,637	0	131,609
Carrying amount at 31 December 2015	15,103	19,478	162,122	3,349	200,052

Goodwill relates to the acquisition of G.E. Leblanc Inc. and SFK LEBLANC The Netherlands Holdings B.V. As at 31 December 2015, the carrying amount of goodwill was tested for impairment.

The impairment test as at 31 December 2015 showed no indication of impairment for 2015. Management believes that currently no changes in the key assumptions are reasonably likely to reduce the safety margin to zero in any of the CGU's.

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

Notes to the financial statements

11 Intangible assets (continued)

The definition of CGUs in the impairment test is based on the certainty by which the carrying amount of the intangible assets can reasonably be allocated and monitored.

The impairment test is based on divisional structures, which are the cash generating units that are expected to benefit from the intangible assets going forward.

Key assumptions

The key assumptions in assessing the revocable amount are the annual growth rate in budget period, the discount rate and long-term growth in the terminal period.

The Group expects an EBIT margin of 11 percent in 2016 and a long-term EBIT margin of 11-15 percent.

Management determines the expected annual growth in the budget period and the expected margins based on historical experience and assumptions of expected market developments.

Growth is supported by a rising world population, increasing urbanization, growing wealth and increasing demand for food well-being and food safety.

The two companies have a potential to grow in both their core markets as well as in other markets where other group companies are located.

The discount rate has been revised for each CGU to reflect the latest market assumptions for the risk free rate based on a 10-year government bond, the equity risk premium and the cost of debt.

The long term growth rate is based on business plans expected growth rates

Cash Generating unit	Annually average growth rate in EBIT in budget period	Growth rate in terminal period	Discount rate after tax	Discount rate before tax
G.E. Leblanc Inc.	-8	3	11.2	17.1
SFK LEBLANC The Netherlands Holdings B.V.	32	3	11.3	12.8

A sensibility analysis has been made of the main assumptions in the impairment test to identify the lowest and/or highest discount rate and the lowest growth rate for each cash generating unit. The sensibility analysis shows no indications of impairment.

Completed development projects and development projects in progress are own developed R&D

The Group has received a number of government grants, of which DKK 0 (2014: 0) has been offset against research expenses and DKK 465 thousand (2014: DKK 244 thousand) against development projects in progress.

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

Notes to the financial statements

11 Intangible assets (continued)

	Parent company			
DKK'000	Development completed	Acquired intangible assets	Development in progress	Total
Cost at 1 January 2014	37,899	15,237	1,873	55,009
Additions in the year	34	1,953	1,521	3,508
Transferred	1,778	0	-1778	0
Cost at 31 December 2014	39,711	17,190	1,616	58,517
Impairment losses and amortisation at 1 January 2014	34,133	2,668	0	36,801
Amortisation in the year	1,899	3,595	0	5,494
Impairment losses and amortisation at 31 December 2014	36,032	6,263	0	42,295
Carrying amount at 31 December 2014	3,679	10,927	1,616	16,222

	Parent company			
DKK'000	Development completed	Acquired intangible assets	Development in progress	Total
Cost at 1 January 2015	39,711	17,190	1,616	58,517
Additions in the year	0	1,189	3,400	4,589
Transferred	1,668	0	-1,668	0
Cost at 31 December 2015	41,379	18,379	3,348	63,106
Impairment losses and amortisation at 1 January 2015	36,032	6,263	0	42,295
Amortisation in the year	2,199	3,861	0	6,060
Impairment losses and amortisation at 31 December 2015	38,231	10,124	0	48,355
Carrying amount at 31 December 2015	3,148	8,255	3,348	14,751

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

Notes to the financial statements

12 Property, plant and equipment

DKK'000	Consolidated Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2014	74,344	28,523	22,696	125,563
Exchange rate adjustments	368	526	341	1235
Additions in the year	207	2,535	995	3,737
Disposals in the year	0	-99	-1,090	-1,189
Transferred	27	-114	87	0
Cost at 31 December 2014	74,946	31,371	23,029	129,346
Impairment losses and depreciation at 1 January 2014	32,795	22,632	18,439	73,866
Exchange rate adjustments	133	345	213	691
Depreciation in the year	2,644	1,505	1,783	5,932
Accumulated depreciation and impairment losses of disposals	0	-67	-1,082	-1,149
Impairment losses and depreciation at 31 December 2014	35,572	24,415	19,353	79,340
Carrying amount at 31 December 2014	39,374	6,956	3,676	50,006

DKK'000	Consolidated Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2015	74,946	31,371	23,029	129,346
Exchange rate adjustments	-870	-618	-60	-1,548
Additions in the year	2,563	420	1,796	4,779
Disposals in the year	0	-419	-277	-696
Cost at 31 December 2015	76,639	30,754	24,488	131,881
Impairment losses and depreciation at 1 January 2015	35,572	24,415	19,353	79,340
Exchange rate adjustments	-296	-340	-22	-658
Depreciation in the year	2,667	1,748	2,087	6,502
Accumulated depreciation and impairment losses of disposals	0	-419	-277	-696
Impairment losses and depreciation at 31 December 2015	37,943	25,404	21,141	84,488
Carrying amount at 31 December 2015	38,696	5,350	3,347	47,393

The Group has received a number of government grants, of which DKK 58 (2014: DKK 178) have been set off against plant and machinery.

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

Notes to the financial statements

12 Property, plant and equipment (continued)

DKK'000	Parent company			
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2014	39,609	8,331	5,800	53,740
Additions in the year	129	844	281	1,254
Disposals in the year	0	-93	-38	-131
Transferred	27	-114	87	0
Cost at 31 December 2014	39,765	8,968	6,130	54,863
Impairment losses and depreciation at 1 January 2014	26,986	7,684	5,226	39,896
Depreciation in the year	1,513	123	253	1,889
Accumulated depreciation and impairment losses of disposals	0	-68	-38	-106
Impairment losses and depreciation at 31 December 2014	28,499	7,739	5,441	41,679
Carrying amount at 31 December 2014	11,266	1,229	689	13,184

DKK'000	Parent company			
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2015	39,765	8,968	6,130	54,863
Additions in the year	461	14	277	752
Disposals in the year	0	0	0	0
Cost at 31 December 2015	40,226	8,982	6,407	55,615
Impairment losses and depreciation at 1 January 2015	28,499	7,739	5,441	41,679
Depreciation in the year	1,502	239	282	2,023
Accumulated depreciation and impairment losses of disposals	0	0	0	0
Impairment losses and depreciation at 31 December 2015	30,001	7,978	5,723	43,702
Carrying amount at 31 December 2015	10,225	1,004	684	11,913

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

Notes to the financial statements

DKK'000	Parent company 2015	Parent company 2014
13 Investments in subsidiaries		
Cost at 1 January	165,934	165,934
Addition of enterprises	34	0
Cost at 31 December	165,968	165,934
Impairments at 1 January	-33,163	-33,163
Impairments at 31 December	-33,163	-33,163
Carrying amount at 31 December	132,805	132,771

Subsidiaries	Legal form	Domicile	Voting rights and ownership
G.E. Leblanc Inc.	Inc.	St. Anselme, Canada	100%
G.E. Leblanc US, Inc.	Inc.	Kansas City, USA	100%
SFK Slaughtering Equipment (Shanghai) Co. Ltd.	Co. Ltd.	Shanghai, China	100%
SFK LEBLANC The Netherlands Holding B.V.	B.V.	Borculo, Netherlands	100%
Nawi Europe Service and Development B.V.	B.V.	Borculo, Netherlands	100%
Nawi Montage en Installatie B.V.	B.V.	Borculo, Netherlands	100%
Nawi Produktie B.V.	B.V.	Borculo, Netherlands	100%
Nawi Roestvrijstaal B.V.	B.V.	Borculo, Netherlands	100%
Nawi Automatisering, ontwikkeling & Research B.V.	B.V.	Borculo, Netherlands	100%
Nawi Opleiding & Training B.V.	B.V.	Borculo, Netherlands	100%
SFK LEBLANC Vostok LLC	LLC	Moscow, Russia	100%

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
14 Inventories				
Raw materials and consumables	46,869	45,512	27,871	26,515
Work in progress	4,096	4,681	1,429	2,333
Manufactured goods and goods for resale	18,319	20,838	3,464	2,454
Inventories	69,284	71,031	32,764	31,302
15 Trade Receivables				
Write down at 1 January	2,101	1,543	1,409	763
Foreign exchange adjustments	2	-18	0	0
Addition	622	1,354	0	989
Reversals/realised	-925	-778	-771	-343
Write down at 31 December	1,800	2,101	638	1409

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Notes to the financial statements

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
16 Construction contracts				
Selling price of work performed	307,924	225,229	145,204	172,764
Progress billings	-404,104	-266,853	-159,778	-187,330
	-96,180	-41,624	-14,574	-14,566
recognised as follows:				
Construction contracts (assets)	28,257	23,924	21,602	16,374
Construction contracts (liabilities)	-124,437	-65,548	-36,176	-30,940
	-96,180	-41,624	-14,574	-14,566
17 Deferred tax				
Deferred tax relates to:				
Intangible assets	2,430	-5,240	-1,201	-1,814
Tangible assets	11,544	14,180	11,233	13,796
Current assets	1,480	1,728	1,499	1,556
Liabilities	3,753	2,791	267	1,324
Tax loss carry forward	19,083	20,023	3,224	5,609
	38,290	33,482	15,022	20,471
recognised as follows:				
Deferred tax assets	40,714	36,650	15,022	20,471
Deferred tax liability	-2,424	-3,168	0	0
	38,290	33,482	15,022	20,471

18 Share capital

The parent company's share capital, DKK 9,922 thousand, is composed of shares of DKK 100 or multiples hereof.

DKK'000	Share capital 2015	Share capital 2014
1 January 2015	9,922	9,922
31 December	9,922	9,922

Treasury shares

DKK'000	Number of share. 2015	Number of share. 2014	Nominal value 2015	Nominal value 2014	% of share capital 2015	% of share capital 2014
1 January	1,002	1,002	100,200	100,200	10.1%	10.1%
31 December	1,002	1,002	100,200	100,200	10.1%	10.1%

At 31 December 2015, the company owns own shares corresponding to 10.14% of the share capital.

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Notes to the financial statements

19 Long-term liabilities

Breakdown of certain liabilities according to long-term and short-term liabilities:

	Consolidated				
DKK'000	Due between 1 and 5 years	Due after more than 5 years	Total long-term liabilities at 31/12 2014	Due within 1 year	Total
Subordinated loan	4,981	0	4,981	0	4,981
Mortgage debt	2,188	11,475	13,663	488	14,151
Other credit institutions	0	0	0	48,214	48,214
	7,169	11,475	18,644	48,702	67,346

DKK'000	Due between 1 and 5 years	Due after more than 5 years	Total long-term liabilities at 31/12 2015	Due within 1 year	Total
Subordinated loan	0	0	0	4,993	4,993
Mortgage debt	2,573	10,805	13,378	601	13,979
Other credit institutions	0	0	0	18,372	18,372
	2,573	10,805	13,378	23,966	37,344

At 31 December 2015, the contractual cash-flow on subordinated loan is DKK 4,993 thousand, other credit institutions is DKK 13,979 thousand, and mortgage debt is DKK 18,372 thousand.

The fair value is calculated as the present value of agreed cash flows using a current market-based interest rate.

	Parent company				
DKK'000	Due between 1 and 5 years	Due after more than 5 years	Total long-term liabilities at 31/12 2014	Due within 1 year	Total
Mortgage debt	2,188	11,475	13,663	488	14,151
Other credit institutions	0	0	0	48,214	48,214
	2,188	11,475	13,663	48,702	62,365

DKK'000	Due between 1 and 5 years	Due after more than 5 years	Total long-term liabilities at 31/12 2015	Due within 1 year	Total
Mortgage debt	2,573	10,805	13,378	601	13,979
Other credit institutions	0	0	0	18,372	18,372
	2,573	10,805	13,378	18,973	32,351

	Consolidated		Parent company	
DKK'000	2015	2014	2015	2014
20 Provisions				
Warranties at 1 January	6,572	5,990	1,860	2,497
Exchange rate adjustments	-189	108	0	0
Utilised during the year	-5,071	-5,968	-881	-1,267
Unutilised warranties reversed	-1,549	-1,230	-979	-1,230
Provision for the year	8,005	7,672	2,696	1,860
Warranties at 31 December	7,768	6,572	2,696	1,860

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Notes to the financial statements

21 Operating lease obligations

The Group leases properties, cars and operating equipment under operating leases. The lease period is primarily one to five years.

	Consolidated		Parent company	
DKK'000	2015	2014	2015	2014
Minimum rent and operating lease commitments, time to maturity				
Within one year	6,616	6,405	2,120	2,092
Between one and five years	10,038	7,704	3,140	2,517
After five years	0	0	0	0
	16,654	14,109	5,260	4,609

22 Security for loans and contingent liabilities

Group

As security for loan capital, totalling DKK 32,351 thousand, a mortgage is granted on the land and buildings at a book value of DKK 10,225 thousand with an owner's mortgage with security in the property Albuen 37, Kolding of DKK 41,000 thousand.

All bank debt is secured by collateral debt by SFK LEBLANC A/S totalling DKK 15,000 thousand.

G.E. Leblanc Inc., G.E. Leblanc US, Inc. and SFK LEBLANC The Netherlands Holdings B.V. have issued a guarantee for payment for all bank debt.

The shares in G.E. Leblanc Inc., G.E. Leblanc US, Inc. and SFK LEBLANC The Netherlands Holdings B.V. are held as security for all bank debt.

Furthermore, the Group has issued a negative pledge to the bank.

Prepayment guarantees and performance bonds provided to customers amount to DKK 14,616 thousand.

Parent Company

As security for loan capital, totalling DKK 32,351 thousand, a mortgage is granted on the land and buildings at a book value of DKK 10,225 thousand with an owner's mortgage with security in the property Albuen 37, Kolding of DKK 41,000 thousand.

All bank debt is secured by collateral debt by SFK LEBLANC A/S totalling DKK 15,000 thousand.

The shares in G.E. Leblanc Inc., G.E. Leblanc US, Inc. and SFK LEBLANC The Netherlands Holdings B.V. are held as security for all bank debt.

Furthermore, the company has issued a negative pledge to the bank.

Prepayment guarantees and performance bonds provided to customers amount to DKK 10,579 thousand.

Letter of support has been issued to SFK Slaughtering Equipment (Shanghai) Co., Ltd.

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

Notes to the financial statements

23 Financial risks

The Group's financial risks comprise currency, interest, and price risks. Management identifies the level and concentration of risks and initiates policies to address these through continuous business reviews. The Group is also exposed to liquidity and credit risks, but it is the Group's policy not to engage in any active speculation in financial risks.

The parent company negotiates both global and local credit and guarantee facilities.

Currency risk

The Group's currency risk derives from the impact of exchange rates on future commercial payments and financial payments. Most of the Group companies' revenue is order-based and consists mainly of sales in the functional currency used by the individual company. The Group enters into forward contracts no later than when sales contract becomes effective.

Production costs typically consist of internal costs and procurement in the company's functional currency and other currencies.

The Group's main currencies for commercial purposes are DKK, EUR, USD, CAD, CNY and GBP.

An increase of 5 percent in a given exchange rate against Danish kroner would in 2015 have had the following impact on the consolidated profit for the year and equity.

DKK'000	EUR	USD	CAD	CNY	GBP
Profit/Loss	-1,171	424	1,035	-11	-246
Equity	-1,803	1,320	4,745	-85	-246

The currency exposures arise from financial instruments; thus the analysis does not include the hedged commercial transactions.

Interest risk

Interest rate risks concern the interest-bearing financial assets and liabilities of the Group. The interest-bearing financial assets consist primarily of cash in financial institutions, and the interest-bearing liabilities mainly consist of bank and mortgage debt. Interest rate risks occur when interest rate levels change. A 1% increase in the interest rate will have a DKK 246 thousand effect on the Group's interest costs (2014: DKK 632 thousand).

Price risk

The Group has a low price risk on procurement and sales. The possibilities to apply price adjustments to the sales prices depend partly on the market situation. Price changes can therefore affect the profit/loss both upwards and downwards. It is Group policy not to enter into long-term price agreements with neither customers nor vendors.

Liquidity risk

The purpose of the Group's cash management is to ensure that the Group at all times has sufficient and flexible financial resources at its disposal and is able to honour its obligations when due. The Group's liquidity reserves consist of credit balances and fixed overdraft facilities.

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Notes to the financial statements

23 Financial risks (continued)

Credit risk

Financial counterpart risk

The use of financial instruments entails the risk that the counterparty may not be able to honour its obligations. The Group minimizes the risk by limiting its use of financial institutions to those with an acceptable credit rating.

Commercial credit risk

The credit risk incurred from trade receivables is generally managed by continuous credit evaluation of customers and trading partners. Credit risks on counterparties other than banks are minimized through the use of export letters of credit, prepayments and credit insurance.

The maximum credit risk related to financial assets corresponds to the accounting value plus write-downs.

24 Derivatives

Fair value of hedge instruments not qualifying for hedge accounting (economic hedge)

Fair value adjustments recognized in financial items in the income statement amount to DKK 0m in 2015 and DKK -0.6m in 2014. At 31 December 2015, the fair value of the Group's hedge agreements that are not recognized as hedge accounting amounted to DKK 0m (2014: DKK -0.6m).

Fair value hedge

To minimize the foreign currency exposure arising from trade receivables and firm commitments, the Group uses forward exchange contracts. The change in fair value is specified below

	Consolidated		Parent company	
DKK'000	2015	2014	2015	2014
Fair value	-1,510	123	-1,510	0
Included in the income statement	-1,510	123	-1,510	0

Cash-flow hedge

To minimize the foreign currency exposure arising from future cash transactions, the Group uses forward exchange contracts. The change in fair value is specified below

	Consolidated		Parent company	
DKK'000	2015	2014	2015	2014
Fair value	-20,495	-649	-2,960	-649
Included in the income statement	-937	0	-702	0

At 31 December 2015, the fair value of the Group's value hedge instruments amounted to DKK -22.3m (2014: -1.1m).

At 31 December 2015, the fair value of the parent's value hedge instruments amounted to DKK -4.5m (2014: -1.2m).

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

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25 Related party disclosures

Equity Datterholding 2 ApS has controlling interest in SFK LEBLANC A/S.

Related parties with significant influence consist of the Group's Board of Directors and Executive Board plus close relatives of these persons. Related parties also include companies on which these persons exert considerable influence.

Transactions between the consolidated group enterprises are eliminated in these consolidated financial statements. In 2015 there were no transactions between related parties not part of the Group apart from the transactions mentioned below and in note 5.

Ownership

The following shareholders are registered in the company's register of shareholders as holding minimum 5 percent voting rights or minimum 5% of the share capital

- Equity Datterholding 2 ApS, Gammeltorv 18, 1457 København K
- Nawiblo Holding B.V., Zeist, Netherlands

26 Board of Directors and Executive Board

SFK LEBLANC A/S' Board of Directors and Executive Board hold other executive positions as described below.

Hans Lohmann, CEO

- CEO Bluecap Invest ApS
- CEO Hirtshals Ejendomsselskab ApS
- Chairman of the Board of Directors Sjørring Invest ApS
- Chairman of the Board of Directors Sjørring Maskinfabrik A/S
- Chairman of the Board of Directors Nordjysk Døgngalvanisering Aktieselskab
- Chairman of the Board of Directors P. F. Værktøj, Herning ApS
- Chairman of the Board of Directors PF Group A/S
- Chairman of the Board of Directors A/S Maskinfabrikken PcP
- Chairman of the Board of Directors Elefantriste A/S
- Chairman of the Board of Directors JKF Industri A/S
- Chairman of the Board of Directors Bluecap Invest ApS
- Chairman of the Board of Directors Lilleheden A/S
- Chairman of the Board of Directors J. Hvidtved Larsen A/S
- Chairman of the Board of Directors JHL Holding A/S
- Chairman of the Board of Directors Bramming Plast-Industri A/S
- Member of the Board of Directors IAI Holding A/S
- Member of the Board of Directors Ib Andresen industri A/S

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Notes to the financial statements

26 Board of Directors and Executive Board (continued)

Steen Parsholt, CEO
- CEO Bogani ApS
- Chairman of the Board of Directors Nyscan Holding A/S
- Chairman of the Board of Directors Nyscan A/S
- Chairman of the Board of Directors Nyscan Biler A/S
- Chairman of the Board of Directors Dades A/S
- Member of the Board of Directors Ejendomsaktieselskabet af 1. maj 2015
- Member of the Board of Directors Brødrene Hartmann A/S
- Member of the Board of Directors Uniwire Holding ApS
- Member of the Board of Directors Uniwire ApS
- Chairman of the Board of Directors Equinox Global Limited, London
- Chairman of the Board of Directors Nopco ASA.
- Member of the Board of Directors Glitnir Holdco ehf.

Per Høholt, Partner
- CEO Equity Datterholding 2 ApS
- CEO MIE4 Holding 8 ApS
- CEO LDE Holding 2 ApS
- CEO MIE4 Holding 1 ApS
- CEO LDE Holding 24 ApS
- CEO Investeringsselskabet RS ApS
- Member of the Board of Directors DK-FOOD'S A/S
- Member of the Board of Directors MIE4 Holding 8 ApS
- Member of the Board of Directors Vega Sea A/S
- Member of the Board of Directors Royal Scandinavia Invest A/S
- Member of the Board of Directors Oreco A/S
- Member of the Board of Directors Datterselskabet 1. december 2015 A/S
- Member of the Board of Directors Oreco Venture ApS

Paul Frohn, Partner
- Member of the Board of Directors Rituals Cosmetics Enterprise B.V.
- Member of the Board of Directors Omniray Service Oy
- Chairman of the Board of Directors Omniray Oy
- Member of the Board of Directors Omniray Service AB
- Member of the Board of Directors Omniray AB
- CEO Frohn Management IJsselstein B.V.
- CEO Frolijk Investeren B.V.

Finn Ejsing Andreasen, Quality Coordinator

Kurt Carlsen, Project Technician

Ib Sand Nykjær, CEO
- CEO Sofie&Sand DK ApS

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Notes to the financial statements

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
27 Fees paid to auditors appointed at the annual general meeting				
Total fees to EY:				
Fee for statutory audit	908	945	265	260
Other assurance engagements	521	0	150	0
Fee for tax advice	237	119	237	97
Fee for non-audit services	8	106	8	84
	1,674	1,170	660	441
Total fees to other auditors:				
Fee for statutory audit	8	65	0	0
Other assurance engagements	0	0	0	0
Fee for tax advice	206	208	53	59
Fee for non-audit services	0	0	0	0
	214	273	53	59

28 Standards and interpretations that have not yet come into force

Standards and interpretations which have been approved for use in the EU but have not yet come into force

Amended standards and improvements were not incorporated in the 2015 annual report as they were not yet into force:

The amended standards and improvements are not expected to have material impact on the financial reporting for the coming financial years.

Standards and interpretations which have not been approved for use in the EU and have therefore not yet come into force

At the time of releasing this annual report, the following new or amended standards and interpretations were not incorporated in the annual report as they were not in force and not approved for use in the EU:

- IFRS 15, Revenue from contracts with customers
- IFRS 9, Financial instruments: Classification and Measurement and Hedge Accounting
- IFRS 16, Leases
- Amendments to IAS 12, Recognition for Deferred Tax Assets for Unrealized Losses

The implementation of the new IFRS 15 in the year 2018 is expected to have an impact on the revenue recognition and disclosures in the annual report. IFRS 15 will not impact the business model but may lead to changes in the pattern of the revenue and profit recognition. Currently it is not possible to provide a reasonable estimate of the effect before the detailed review and investigations are completed.

The other new standards and amendments are not expected to have a material impact on the financial reporting for the coming financial years.