

**Haarslev Industries A/S  
Central Business Registration No  
89523818**

**Annual report 2014**

The Annual General Meeting adopted the annual report on 29.05.2015

**Chairman of the General Meeting**

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Name: Claus Østergaard

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## Entity details

### Company

Haarslev Industries A/S  
Bogensevej 85  
DK-5471 Søndersø

Central Business Registration No: 89523818

Registered in: Nordfyn

Financial year: 01.01.2014 - 31.12.2014

Internet: [www.haarslev.dk](http://www.haarslev.dk)

E-mail: [info@haarslev.dk](mailto:info@haarslev.dk)

### Board of Directors

Søren Johansen, Chairman

Jan Olsen, Vice-chairman

Thomas Kvorning

Peter Bason

Claus Østergaard

Leif Østergaard

Ola Erics

Bengt Maunsbach

### Executive Board

Claus Østergaard

### Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

0900 København C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Haarslev Industries A/S for the financial year 01.01.2014 - 31.12.2014.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2014 and of the results of their operations and the Group's cash flows for the financial year 01.01.2014 – 31.12.2014.

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

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

Søndersø, 29.04.2015

### Executive Board

Claus Østergaard

### Board of Directors

Søren Johansen  
Chairman

Jan Olsen  
Vice-chairman

Thomas Kvorning

Peter Bason

Claus Østergaard

Leif Østergaard

Ola Erici

Bengt Maunsbach

## **Independent auditor's reports**

### **To the owner of Haarslev Industries A/S Report on the financial statements**

We have audited the consolidated financial statements and parent financial statements of Haarslev Industries A/S for the financial year 01.01.2014 - 31.12.2014, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent and the consolidated cash flow statement for the Group. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

#### **Management's responsibility for the consolidated financial statements and parent financial statements**

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

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the consolidated financial statements and parent 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 about whether consolidated financial statements and parent 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 parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent 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 entity'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 the overall presentation of the consolidated financial statements and parent financial statements.

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

Our audit has not resulted in any qualification.

#### **Opinion**

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2014, and of the results of their operations and the Group's cash flows for the financial year 01.01.2014 - 31.12.2014 in accordance with the Danish Financial Statements Act.

## **Independent auditor's reports**

### **Report on other legal and regulatory requirements**

#### **Emphasis of matter regarding other issues**

In 2014, the Company in one isolated instance violated Danish legislation on the Ban against cash transactions. Therefore, Management may be held liable.

#### **Statement on the management commentary**

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statement.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 29.04.2015

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Bjørn Winkler Jakobsen

State Authorised Public Accountant

Nikolaj Thomsen

State Authorised Public Accountant

## Management commentary

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial high-lights</b>					
<b>Key figures</b>					
Revenue	1,160,187	1,212,329	1,177,803	1,047,215	887,158
Gross profit/loss	235,434	286,641	275,126	237,866	161,487
Operating profit/loss	80,534	144,886	154,364	140,597	71,503
Net financials	(13,790)	(22,324)	(25,059)	(18,997)	(21,635)
Profit/loss for the year	34,435	86,140	91,844	81,290	27,959
Total assets	1,288,073	1,106,201	985,306	937,518	898,277
Investments in property, plant and equipment	44,108	17,673	19,371	18,484	22,502
Equity	264,046	285,312	239,331	146,092	91,944
<b>Ratios</b>					
Gross margin (%)	20.3	23.6	23.4	22.7	18.2
Net margin (%)	3.0	7.1	7.8	7.8	3.2
Return on equity (%)	12.5	32.8	47.7	68.3	37.7
Equity ratio (%)	20.5	25.8	24.3	15.6	10.2

## **Management commentary**

### **Primary activities**

Haarslev Industries is a global provider of process solutions and equipment for the drying, dehydrating and processing of fish-based and animal by-products and by-products from the brewing and distilling industries. The Group also offers its process solutions and drying and dehydrating equipment for the municipal and industrial environmental sectors.

### **Development in activities and finances**

The Group's income statement for 2014 shows a profit after tax of DKK 34,435k which is lower than expected and not in accordance with outlook presented in the annual report 2013. The development is an outcome of a general market downturn. The Group's balance sheet at 31 December 2014 shows equity of DKK 264,046k.

During 2014, the Group expanded through the acquisition of the shares in the company, Société Industrielle Lorientaise S.A. (SIL) based in France. SIL specialises in thermal treatment of animal by-products, municipal and industrial sludge and biomass and, by this acquisition, the Group's position in the French market is further strengthened.

In order to support the Group's After Sales and Service division, the division for Screw Press Technology was acquired from C.A. Picard in the fall 2014. This new division specialises in producing highly wear-resistant precision metal parts for various industries, applications and brands. With the acquisition of the screw press technology division, the Group will increase its capabilities and product know-how within screw press applications and, at the same time, broaden the worldwide coverage for After Sales and Service.

### **Uncertainty relating to recognition and measurement**

The majority of the Group's revenue originates from contract work in progress. Contract work in progress is measured at the selling price of work performed and recognised on the basis of the stage of completion of work performed. The stage of completion is based on estimates as well as expected future events and is thus subject to uncertainty.

### **Unusual circumstances affecting recognition and measurement**

The Group's financial position at 31 December 2014 and its results from activities and cash flows for the financial year for 2014 have not been affected by any unusual events.

### **Outlook**

During 2014, the Group went through a general market downturn for the first half of the year. Through the downturn, the Group maintained its market position in the core business areas and positioned itself for the ramp-up of activity at the end of the downturn. The market picked up again during the second half of the year, and 2015 is expected to reflect this positive development in key markets and segments, and the Group expects to end 2015 at a higher level than 2014.



## **Management commentary**

### **Particular risks**

As a consequence of its operations, investments and financing, the Group is exposed to volatility in terms of raw material prices, exchange rates and the level of interest. The fiscal policy pursued by the Company involves operating with a low risk profile so that risks concerning exchange rates, interest rates and credit only arise should commercial conditions occur. On an ongoing basis, the Group enters into currency contracts for hedging of currency risks.

### **Intellectual capital resources**

The Group aspires to lead the technological development in the industry. The Group has considerable intellectual capital resources within its field of activity, which may be divided into four categories: Customers, Technology, Processes and Staff relations.

#### **Customers**

The Group aims at creating value for its customers by providing intellectual solutions created in cooperation with the individual customer, meeting the customers' expectations through the delivery of customised, high-quality products, delivered in accordance with terms of delivery, etc. The key performance indicators in this respect include customer satisfaction and customer loyalty. Follow-up is made regularly through close dialogue with the customers.

#### **Technology**

It is important for the Group – in both the short and the long term – to ensure the right portfolio of production technologies and a continued further development of existing production technologies.

#### **Processes**

The critical business processes relate to the development of individual solutions, quality and service. In order to make sure that the customer receives the agreed service, the individual methods and procedures are documented. Compliance with time of delivery and the scope of warranty expenses are important indicators of the functionality of the business processes. The Group constantly makes great efforts to ensure that the goals set for the business processes are complied with. Furthermore, the Group's internal development activities are constantly focused on improving products and processes, often in cooperation with the customer.

#### **Staff relations**

In order to constantly be able to deliver and develop competitive products and solutions, it is crucial that the Group is capable of recruiting and retaining highly qualified employees.

## Management commentary

The number of employees has developed as follows:

	<u>Denmark</u>	<u>Globally</u>
Number of employees, beginning of year	321	581
Change	<u>(9)</u>	<u>167</u>
<b>Number of employees, end of year</b>	<b><u>312</u></b>	<b><u>748</u></b>

## Environmental performance

The Group cares about the environment and is currently working on reducing the environmental impact from the Group's operations and the processes and products offered. The Group possesses the relevant environmental approvals, and the Group's activities do not involve harmful or extraordinary impacts to the environment.

## Corporate Governance

The Board of Directors and Executive Board of Haarslev Industries constantly seek to ensure that the management structure and control systems of the Group are appropriate and satisfactory. Management assesses on an ongoing basis whether this remains the case. The tasks and responsibilities of Management are, among others, based on the Danish Companies Act, the Danish Financial Statements Act, the Company's Articles of Association and generally accepted practice for enterprises of the same size and with the same international reach as Haarslev Industries. In this connection, the Group in all material respects complies with the guidelines for responsible ownership and corporate governance of Danish Venture Capital and Private Equity Association, [www.dvca.dk](http://www.dvca.dk).

On this basis, Management has developed a number of internal procedures to ensure an active, secure and profitable management of the Group. This includes concluding and implementing a new "Code of Conduct" across the Group which is expected to be completed in 2015.

## Operational risk management

The main operational risks in the Group relates to the execution of large complex customer projects. The Group's extensive know-how and many years of experience within project management are the main components in mitigating this risk. Bid reviews and project support from central knowledge centres are an integrated part of the project management process.

Additionally, a number of reporting procedures are set up in order to monitor project progress and to secure actions are taken if unforeseen issues arise during the project lifetime. The status on the largest projects are reported to the Board of Directors on a monthly basis.

## Management commentary

In relation to the preparation of the annual financial statements, Management has particular focus on the control procedures in relation to the following items:

- Revenue recognition of large projects
- Valuation of work in progress

The formal monthly reporting procedures as well as review meetings are set up to mitigate risks related to these items.

### Shareholder relations

On an ongoing basis, the Board of Directors assesses whether the Company's capital structure is in accordance with the Company's and its stakeholders' interests. The overall objective is to ensure a capital structure that supports long-term, profitable growth.

At 31 December 2014, Haarslev Industries A/S' external interest-bearing debt totals a net amount of DKK 260,546k which Group Management consider a reasonable and acceptable level. The Group's guidelines and procedures for control and management of the capital structure remained unchanged in 2014.

The Company's Articles of Association stipulate no limits of ownership or voting rights. If an offer is received for an acquisition of Company shares, the Board of Directors will consider this in accordance with the law. The Haarslev Group's principal shareholder is Altor Fund III who possesses ~72% of the Group's shares. The Group's CEO controls a minority share of ~27%, and the remaining share capital is owned by members of Group Management. Thus, Altor Fund III has a controlling interest in the Group.

## Management commentary

### Board of Directors

#### Søren Johansen <sup>1</sup>

Chairman of the Board of Directors. Member of the Board since 2012.

CEO of Altor Equity Partners A/S. Chairman of the Board of Statens Ejendomssalg A/S, B. Bille A/S, Okholm ApS, Technoinvest A/S, Naciron Holding A/S and Wrist Ship Supply Holding A/S. Member of the Board of CAM Group Holding A/S and PSR ApS.

#### Thomas Kvorning <sup>1</sup>

Director at Altor Equity Partners A/S. Member of the Board of Directors since 2012.

Member of the Board of Naciron Holding A/S and Ferrosan Medical Devices Holding A/S.

#### Claus Østergaard <sup>2</sup>

CEO and member of the Board of Directors since 2012.

CEO and Board member of Dexter Invest af 21. April 2006 A/S, H.L. Industries A/S, Haarslev Invest ApS and CEO of 200369 ApS, 7599 ApS, 3696 ApS, and 26693 ApS.

#### Ola Erici <sup>1</sup>

Member of the Board of Directors since 2012.

Chairman of the Board of Ecobrånslé AB, Danske Bank Lund, Arendalis AB, and Norrånnga-Arendala Samfällighetsförening. Member of the Board of Solix AB, and Midsona AB.

#### Jan Olsen <sup>1</sup>

Vice-chairman of the Board of Directors since 2012.

Chairman of the Board of Cubic A/S and TAMI Holding ApS. Deputy Chairman of the Board of Cimbria A/S and KK Wind Solutions A/S. Member of the Board of JKF Industri A/S, Aalborg Zoo and Silverfleet Advisory Board.

#### Peter Bason <sup>1</sup>

Director at Altor Equity Partners A/S. Member of the Board of Directors since 2012.

Vice-chairman of the Board of Ålö Holding AB.

#### Leif Østergaard <sup>2</sup>

Member of the Board of Directors since 2012.

CEO and Board member of SEM Stålindustri A/S, SEM Invest A/S, Øster ApS, and Board Member of Haarslev Invest ApS, Danish Gateway ApS and Dexter Invest af 21. April 2006 A/S.

#### Bengt Maunsbach <sup>1</sup>

Member of the Board of Directors since 2012.

Partner at Altor Equity Partners. Member of the Board of PIAB Group Holding Aktiefölag, Ålö Group AB, Ålö Holding AB, Papyrus Holding AB, BMAPEX AB, TYUIO Group AB, and Altor Equity Partners AB.

*1 Elected by Altor Fund III*

*2 Elected by Claus Østergaard*

### Responsibilities of the Board of Directors

The Board of Directors as a whole has monitored the preparation of the financial reporting, the internal controls and the audit of the financial statements. The Board of Directors has chosen not to set up a separate audit committee.

The Board of Directors ensures that the Executive Board comply with the objectives, strategies and procedures laid down by the Board of Directors. The reporting from the Executive Boards of the respective companies takes place systematically, both at meetings and through written and oral reporting on an ongoing basis. Among other things, this reporting includes a description of the development in key markets, as well as the Group's operational and financial development. The Board of Directors holds meetings according to a fixed plan with at least five meetings a year and extraordinary meetings are convened if required.

## Management commentary

### Management remuneration

In order to attract and retain the Group's management competencies, remuneration of the members of the Executive Board and executives is determined considering their responsibilities, value creation and the conditions of comparable enterprises. The remuneration includes performance-related elements aimed at aligning interests between company management and the shareholders as the schemes consider both short-term and long-term goals.

Such performance-related elements include cash bonuses as well as a warrant programme for selected key executives responsible for the day-to-day management.

### Dividend policy

Payment of dividend takes place in due consideration of the necessary consolidation of equity as a basis for the Group's continued expansion. The proposed dividend for 2014 amounts to DKK 30m.

### Stakeholders

The Group constantly seeks to develop and maintain good relations with its stakeholders as such relations are assessed to be of significant and positive importance to the Group's development. On this basis, Haarslev Industries A/S is pursuing an active communication with its stakeholders and, moreover, has separate policies for various key areas such as staff, environmental factors and responsibility towards customers and society at large. These policies are to ensure that information of importance to, among others, investors, employees and authorities is provided and published in accordance with rules and agreements.

Part of the work of the Board of Directors is to ensure both compliance with and regular adaptation of the guidelines in accordance with the development in and around the Group.

### Corporate social responsibility

Haarslev Industries A/S has decided to publish the statutory CSR and Diversity statements on the Company's website, see the Danish Financial Statements Act, § 99a and § 99b. The CSR and Diversity statements are developed for the legal entity Haarslev Industries A/S only, and do therefore not include any subsidiaries. To read the statements please visit <http://haarslev.com/CSR-performance.1208.aspx>.

### Events after the balance sheet date

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

## **Accounting policies**

### **Reporting class**

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

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

### **Recognition and measurement**

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

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

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

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

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

### **Consolidated financial statements**

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

### **Basis of consolidation**

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

## **Accounting policies**

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

### **Business combinations**

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

### **Profits or losses from divestment of equity investments**

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

### **Foreign currency translation**

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

## **Accounting policies**

### **Income statement**

#### **Revenue**

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

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

#### **Production costs**

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, maintenance and depreciation, etc, as well as operation, administration and management of factories.

Production costs also include research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs. Furthermore, amortisation of goodwill is included to the extent that goodwill relates to production activities. Finally, provisions for losses on contract work are recognised.

#### **Distribution costs**

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

#### **Administrative expenses**

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

#### **Other financial income**

Other financial income comprises interest income, realised and unrealised exchange adjustments as well as extra payments and tax relief under the Danish Tax Prepayment Scheme etc.

#### **Other financial expenses**

Other financial expenses comprise interest expenses, realised and unrealised exchange adjustments as well as amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

#### **Income taxes**

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



## Accounting policies

The Entity is jointly taxed with its Parent and all of the Parent's other Danish subsidiaries. The current income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Goodwill

Goodwill is measured at cost less accumulated amortisation and impairment. Goodwill is recognised only for corporate takeovers effective on or after 1 January 2002.

Goodwill is amortised over the expected economic life, measured by reference to an assessment of, among other factors, the nature and market position of the business, the stability of the industry and the dependence on key staff. The amortisation period is 20 years.

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

#### Intellectual property rights etc

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

Development projects that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated, and where the intention is to produce, market or use the product or the process, are recognised as intangible assets provided that it is sufficiently certain that the future earnings are adequate to cover the production, sales and administrative expenses and the aggregate development costs. Other development costs are expensed in the income statement as incurred.

Development costs are measured at direct costs and a portion of the costs that can be related indirectly to the individual development projects. Development costs recognised as intangible assets have an amortisation period of 3 - 10 years.

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

#### Property, plant and equipment

Buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

## Accounting policies

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

Buildings	25 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-10 years

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

### Investments in group enterprises

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

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of investments in subsidiaries is transferred to "Reserve for net revaluation according to the equity method" under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life and up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile.

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

### Receivables

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

### Inventories

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

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

## Accounting policies

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

### Contract work in progress

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

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. The stage of completion is determined as the ratio of actual to total budgeted consumption of resources. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

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

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

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

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

### Deferred tax

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

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

Deferred tax relating to re-taxation of previously deducted losses of foreign subsidiaries is recognised based on a specific assessment of the purpose of the individual subsidiary.

## Accounting policies

### Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments and loss on contract work in progress.

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

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

### Finance lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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

### Other financial liabilities

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

### Prepayments received from customers

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

### Income tax receivable or payable

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

### Cash flow statement

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

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

## Accounting policies

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

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

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

Cash flow statement cannot directly be derived from the income statement and the balance sheet.

## Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

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

## Consolidated income statement for 2014

	<u>Notes</u>	<u>2014 DKK'000</u>	<u>2013 DKK'000</u>
Revenue	1	1,160,187	1,212,329
Production costs	2	<u>(924,753)</u>	<u>(925,688)</u>
<b>Gross profit/loss</b>		<b>235,434</b>	<b>286,641</b>
Distribution costs		(65,303)	(71,911)
Administrative costs		<u>(89,597)</u>	<u>(69,844)</u>
<b>Operating profit/loss</b>		<b>80,534</b>	<b>144,886</b>
Other financial income	3	5,755	2,989
Other financial expenses	4	<u>(19,545)</u>	<u>(25,313)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>66,744</b>	<b>122,562</b>
Tax on profit/loss from ordinary activities	5	<u>(32,309)</u>	<u>(36,422)</u>
<b>Profit/loss for the year</b>		<b><u>34,435</u></b>	<b><u>86,140</u></b>
<b>Proposed distribution of profit/loss</b>			
Dividend for the financial year		30,000	60,000
Retained earnings		<u>4,435</u>	<u>26,140</u>
		<b><u>34,435</u></b>	<b><u>86,140</u></b>

## Consolidated balance sheet at 31.12.2014

	<u>Notes</u>	<u>2014 DKK'000</u>	<u>2013 DKK'000</u>
Completed development projects		0	0
Acquired intangible assets		474	478
Acquired rights		13,379	10,782
Goodwill		256,832	211,860
Development projects in progress		<u>1,256</u>	<u>850</u>
<b>Intangible assets</b>	<b>6</b>	<b><u>271,941</u></b>	<b><u>223,970</u></b>
Land and buildings		73,764	72,697
Plant and machinery		43,027	31,088
Other fixtures and fittings, tools and equipment		28,962	24,047
Property, plant and equipment in progress		<u>5,015</u>	<u>2,122</u>
<b>Property, plant and equipment</b>	<b>7</b>	<b><u>150,768</u></b>	<b><u>129,954</u></b>
Other receivables		<u>2,891</u>	<u>2,766</u>
<b>Fixed asset investments</b>	<b>8</b>	<b><u>2,891</u></b>	<b><u>2,766</u></b>
<b>Fixed assets</b>		<b><u>425,600</u></b>	<b><u>356,690</u></b>
Raw materials and consumables		<u>141,455</u>	<u>96,470</u>
<b>Inventories</b>		<b><u>141,455</u></b>	<b><u>96,470</u></b>
Trade receivables		246,744	206,002
Contract work in progress	10	117,828	145,746
Receivables from group enterprises		73,159	61,612
Deferred tax assets	11	137	373
Other short-term receivables		<u>49,297</u>	<u>52,470</u>
<b>Receivables</b>		<b><u>487,165</u></b>	<b><u>466,203</u></b>
<b>Cash</b>		<b><u>233,853</u></b>	<b><u>186,838</u></b>
<b>Current assets</b>		<b><u>862,473</u></b>	<b><u>749,511</u></b>
<b>Assets</b>		<b><u>1,288,073</u></b>	<b><u>1,106,201</u></b>

**Consolidated balance sheet at 31.12.2014**

	<u>Notes</u>	<u>2014 DKK'000</u>	<u>2013 DKK'000</u>
Contributed capital		500	500
Retained earnings		233,546	224,812
Proposed dividend		30,000	60,000
<b>Equity</b>		<b><u>264,046</u></b>	<b><u>285,312</u></b>
Provisions for deferred tax	11	21,747	35,233
Other provisions	12	62,609	59,190
<b>Provisions</b>		<b><u>84,356</u></b>	<b><u>94,423</u></b>
Finance lease liabilities		759	2,192
Other credit institutions	13	262,614	188,151
Other payables		3,722	0
<b>Non-current liabilities other than provisions</b>		<b><u>267,095</u></b>	<b><u>190,343</u></b>
Finance lease liabilities		2,157	2,706
Other credit institutions		214,421	97,082
Prepayments received from customers		35,650	32,544
Contract work in progress		85,201	111,584
Trade payables		204,891	213,901
Income tax payable		27,564	18,988
Other payables		102,692	59,318
<b>Current liabilities other than provisions</b>		<b><u>672,576</u></b>	<b><u>536,123</u></b>
<b>Liabilities other than provisions</b>		<b><u>939,671</u></b>	<b><u>726,466</u></b>
<b>Equity and liabilities</b>		<b><u>1,288,073</u></b>	<b><u>1,106,201</u></b>
Subsidiaries	9		
Unrecognised rental and lease commitments	15		
Mortgages and securities	16		
Consolidation	17		



## Consolidated statement of changes in equity for 2014

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Proposed dividend DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	500	224,812	60,000	285,312
Ordinary dividend paid	0	0	(60,000)	(60,000)
Exchange rate adjustments	0	5,502	0	5,502
Value adjustments	0	(1,601)	0	(1,601)
Tax of equity postings	0	398	0	398
Profit/loss for the year	0	4,435	30,000	34,435
<b>Equity end of year</b>	<b>500</b>	<b>233,546</b>	<b>30,000</b>	<b>264,046</b>

## Consolidated cash flow statement for 2014

	<u>Notes</u>	<u>2014 DKK'000</u>	<u>2013 DKK'000</u>
Operating profit/loss		80,534	144,886
Amortisation, depreciation and impairment losses		51,035	31,636
Working capital changes	14	<u>(48,826)</u>	<u>(42,072)</u>
<b>Cash flow from ordinary operating activities</b>		<b>82,743</b>	<b>134,450</b>
Financial income received		5,755	2,989
Financial income paid		(19,545)	(25,313)
Income taxes refunded/(paid)		<u>(36,585)</u>	<u>(41,906)</u>
<b>Cash flows from operating activities</b>		<b><u>32,368</u></b>	<b><u>70,220</u></b>
Acquisition etc of intangible assets		(74,662)	(22,740)
Sale of intangible assets		0	799
Acquisition etc of property, plant and equipment		(44,108)	(17,673)
Sale of property, plant and equipment		0	1,555
Acquisition of fixed asset investments		<u>(125)</u>	<u>(2,766)</u>
<b>Cash flows from investing activities</b>		<b><u>(118,895)</u></b>	<b><u>(40,825)</u></b>
Loans raised		78,185	10,382
Incurrence of lease obligations		0	4,898
Reduction of lease commitments		(1,982)	0
Dividend paid		<u>(60,000)</u>	<u>(35,000)</u>
<b>Cash flows from financing activities</b>		<b><u>16,203</u></b>	<b><u>(19,720)</u></b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(70,324)</b>	<b>9,675</b>
Cash and cash equivalents beginning of year		<u>89,756</u>	<u>80,081</u>
<b>Cash and cash equivalents end of year</b>		<b><u>19,432</u></b>	<b><u>89,756</u></b>
Cash and cash equivalents at year-end are composed of:			
Cash		233,853	186,838
Short-term debt to banks		<u>(214,421)</u>	<u>(97,082)</u>
<b>Cash and cash equivalents end of year</b>		<b><u>19,432</u></b>	<b><u>89,756</u></b>

## Notes to consolidated financial statements

	<b>2014</b>	<b>2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>1. Revenue</b>		
Denmark	23,966	23,662
EU	372,580	440,043
Other	763,641	748,624
	<b>1,160,187</b>	<b>1,212,329</b>

	<b>2014</b>	<b>2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Staff costs</b>		
Wages and salaries	283,661	275,160
Pension costs	15,733	14,610
Other social security costs	16,624	19,462
	<b>316,018</b>	<b>309,232</b>

Average number of employees	<b>989</b>	<b>889</b>
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	<b>Remune- ration of manage- ment 2014 DKK'000</b>	<b>Remune- ration of manage- ment 2013 DKK'000</b>
Executive Board	7,063	2,825
Board of Directors	300	300
	<b>7,363</b>	<b>3,125</b>

Wages and salaries, pension costs and other social security costs are recognised in the following items:

	<b>2014</b>	<b>2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Production costs	214,944	222,414
Distribution costs	52,646	52,272
Administrative costs	48,428	34,546
	<b>316,018</b>	<b>309,232</b>

## Notes to consolidated financial statements

	<b>2014</b> <b>DKK'000</b>	<b>2013</b> <b>DKK'000</b>
<b>3. Other financial income</b>		
Financial income arising from group enterprises	1,586	1,662
Other financial income	4,169	1,327
	<b>5,755</b>	<b>2,989</b>

	<b>2014</b> <b>DKK'000</b>	<b>2013</b> <b>DKK'000</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	0	400
Other financial expenses	19,545	24,913
	<b>19,545</b>	<b>25,313</b>

	<b>2014</b> <b>DKK'000</b>	<b>2013</b> <b>DKK'000</b>
<b>5. Tax on ordinary profit/loss for the year</b>		
Tax on current year taxable income	45,559	34,539
Change in deferred tax for the year	(13,250)	1,883
	<b>32,309</b>	<b>36,422</b>

	<b>Completed develop- ment pro- jects DKK'000</b>	<b>Acquired intangible assets DKK'000</b>	<b>Acquired rights DKK'000</b>	<b>Goodwill DKK'000</b>
<b>6. Intangible assets</b>				
Cost beginning of year	0	770	16,192	303,199
Addition through merger and business combinations	1,749	0	1,933	60,441
Exchange rate adjustments	(4)	36	319	(237)
Additions	0	2,632	6,003	0
Disposals	0	0	(81)	0
<b>Cost end of year</b>	<b>1,745</b>	<b>3,438</b>	<b>24,366</b>	<b>363,403</b>
Amortisation and impairment losses beginning of year	0	(292)	(5,410)	(91,339)
Exchange rate adjustments	4	(10)	(100)	146
Amortisation for the year	(1,749)	(2,662)	(5,513)	(15,378)
Reversal regarding disposals	0	0	36	0
<b>Amortisation and impairment losses end of year</b>	<b>(1,745)</b>	<b>(2,964)</b>	<b>(10,987)</b>	<b>(106,571)</b>
<b>Carrying amount end of year</b>	<b>0</b>	<b>474</b>	<b>13,379</b>	<b>256,832</b>

## Notes to consolidated financial statements

	<b>Develop- ment pro- jects in progress DKK'000</b>
<b>6. Intangible assets</b>	
Cost beginning of year	850
Addition through merger and business combinations	0
Exchange rate adjustments	0
Additions	1,904
Disposals	(1,498)
<b>Cost end of year</b>	<b><u>1,256</u></b>
Amortisation and impairment losses beginning of year	0
Exchange rate adjustments	0
Amortisation for the year	0
Reversal regarding disposals	0
<b>Amortisation and impairment losses end of year</b>	<b><u>0</u></b>
<b>Carrying amount end of year</b>	<b><u>1,256</u></b>
<b>Carrying amount comprises:</b>	
Assets held under finance leases	<u>376</u>

## Notes to consolidated financial statements

	<b>Land and buildings DKK'000</b>	<b>Plant and machinery DKK'000</b>	<b>Other fix- tures and fittings, tools and equipment DKK'000</b>	<b>Property, plant and equipment in progress DKK'000</b>
<b>7. Property, plant and equipment</b>				
Cost beginning of year	122,412	127,658	64,552	2,123
Addition through merger and business combinations	3,496	15,266	4,242	0
Exchange rate adjustments	1,259	2,790	1,820	0
Transfer to and from other items	0	1,187	(1,187)	0
Additions	4,212	2,848	10,232	3,812
Disposals	(458)	(1,043)	(2,219)	(915)
<b>Cost end of year</b>	<b>130,921</b>	<b>148,706</b>	<b>77,440</b>	<b>5,020</b>
Depreciation and impairment losses beginning of the year	(49,715)	(96,570)	(40,505)	(1)
Exchange rate adjustments	(192)	(518)	(1,173)	0
Depreciation for the year	(7,471)	(9,429)	(8,833)	0
Reversal regarding disposals	221	838	2,033	(4)
<b>Depreciation and impairment losses end of the year</b>	<b>(57,157)</b>	<b>(105,679)</b>	<b>(48,478)</b>	<b>(5)</b>
<b>Carrying amount end of year</b>	<b>73,764</b>	<b>43,027</b>	<b>28,962</b>	<b>5,015</b>
<b>Carrying amount comprises:</b>				
Assets held under finance leases	0	1,752	788	0
				<b>Other receivables DKK'000</b>
<b>8. Fixed asset investments</b>				
Cost beginning of year				2,766
Additions				125
<b>Cost end of year</b>				<b>2,891</b>
<b>Carrying amount end of year</b>				<b>2,891</b>

## Notes to consolidated financial statements

	<u>Registered in</u>	<u>Equity inte- rest %</u>	<u>Equity DKK'000</u>
<b>9. Subsidiaries</b>			
Haarslev Inc.	Kansas City, USA	100.0	52,904
Haarslev Industris GmbH	Krefeldt, Germany	100.0	5,038
Stord-Bartz AS	Bryne, Norway	100.0	448
Haarslev Industries S.A.C.	Lima, Peru	100.0	(29,701)
Haarslev Inversiones Internacionales S.L.U.	Barcelona, Spain	100.0	28,171
Haarslev Industries LTDA	Curitiba, Brazil	100.0	50,919
Haarslev Industries S.A.U.	Barcelona, Spain	100.0	115,117
Haarslev Industries PTE LTD	Labuan, F.T., Malay- sia	100.0	7,586
Haarslev Industries SDN BHD	Selangor Darul Eshan, Malaysia	100.0	(7,233)
Haarslev Industries L.L.C	Moscow, Russia	100.0	8,919
Haarslev Xuzhou Machinery Co. Ltd.	Xuzhou City, Jiangsu Province, China	100.0	67,893
HM Xuzhou Trading Co. Ltd.	Xuzhou City, Jiangsu Province, China	100.0	4,311
Haarslev Industries Ltd.	Albany Auckland, New Zealand	100.0	(9,968)
Haarslev Industries (India) Pvt Ltd	Mumbai, Maha- rashtra, India	100.0	(1,245)
Haarslev Industries Poland Sp. z.o.o.	Warszawa, Poland	100.0	228
Haarslev Industries S.A.S	Lorient, France	100.0	7,006
Haarslev Industries Press Technology GmbH & Co. KG	Remscheid, Germa- ny	100.0	1,746

## 10. Contract work in progress

	<u>2014 DKK'000</u>	<u>2013 DKK'000</u>
Selling price of work performed	705,463	727,453
Invoicing on account	<u>(672,836)</u>	<u>(693,291)</u>
	<u><b>32,627</b></u>	<u><b>34,162</b></u>

Net value is recognised in the balance sheet as follows:

Contract work in progress (receivables)	117,828	145,746
Contract work in progress (liabilities)	<u>(85,201)</u>	<u>(111,584)</u>
	<u><b>32,627</b></u>	<u><b>34,162</b></u>

## Notes to consolidated financial statements

	<b>2014</b>	<b>2013</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
<b>11. Deferred tax</b>		
Intangible assets	1,667	1,205
Property, plant and equipment	1,243	(175)
Receivables	24,120	40,458
Equity	(244)	154
Liabilities other than provisions	(5,039)	(6,409)
Other taxable temporary differences	<u>(137)</u>	<u>(373)</u>
	<b><u>21,610</u></b>	<b><u>34,860</u></b>

## 12. Other provisions

Other provisions comprise warranty commitments and other provisions.

The Company currently makes provisions for warranty commitments relating to both projects in progress and completed projects. The provisions for warranty commitments are calculated as an estimated percentage of revenue on a project-by-project basis. Warranty commitments amount to DKK 35,548k at 31 December 2014.

Other provisions amount to DKK 27,061k at 31 December 2014.

## 13. Long-term debt to other credit institutions

Payments due within 1 year are recognised under current liabilities other than provisions. Other liabilities are recognised under non-current liabilities other than provisions.

Liabilities fall due for payment as specified below:

<b>Other credit institutions</b>	<b>2014</b>	<b>2013</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
Fall due between 1 and 5 years	88,419	10,398
Fall due more than 5 years	<u>174,195</u>	<u>177,753</u>
	<b><u>262,614</u></b>	<b><u>188,151</u></b>



## Notes to consolidated financial statements

	<b>2014</b> <b>DKK'000</b>	<b>2013</b> <b>DKK'000</b>
<b>14. Change in working capital</b>		
Increase/decrease in inventories	(44,983)	(13,055)
Increase/decrease in receivables	(21,034)	(57,307)
Increase/decrease in trade payables etc	11,087	30,031
Other changes	6,104	(1,741)
	<u>(48,826)</u>	<u>(42,072)</u>

	<b>2014</b> <b>DKK'000</b>	<b>2013</b> <b>DKK'000</b>
<b>15. Unrecognised rental and lease commitments</b>		
Commitments under rental agreements or leases until expiry	<u>29,055</u>	<u>27,975</u>

## 16. Mortgages and securities

The Group's shares in subsidiaries have been provided as security for payables to banks and, at 31 December 2014, amount to DKK 821,745k.

A mortgage deed registered to the mortgagor of DKK 30.5m and a letter of indemnity of DKK 4.5m secured on land and buildings with a carrying amount of DKK 73,764k at 31 December 2014 have been provided as security for bank debt in the Parent and Group enterprises amounting to DKK 821,745k at 31 December 2014.

As part of the Group's ordinary activities, the Group's bank and insurance companies have issued guarantees for contracting projects totaling DKK 106,262k.

## 17. Consolidation

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

Haarslev Industries A/S is included in the consolidated financial statements of Haarslev Group Holding A/S, Bogensevej 85, 5471 Sønderød, Denmark from where copies may be obtained.

**Parent income statement for 2014**

	<u>Notes</u>	<u>2014 DKK'000</u>	<u>2013 DKK'000</u>
Revenue	1	573,037	657,602
Production costs	2	<u>(482,550)</u>	<u>(544,539)</u>
<b>Gross profit/loss</b>		<b>90,487</b>	<b>113,063</b>
Distribution costs		(20,245)	(25,311)
Administrative costs		<u>(53,181)</u>	<u>(43,076)</u>
<b>Operating profit/loss</b>		<b>17,061</b>	<b>44,676</b>
Income from investments in group enterprises		18,691	59,128
Other financial income	3	14,882	4,172
Other financial expenses	4	<u>(11,657)</u>	<u>(12,521)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>38,977</b>	<b>95,455</b>
Tax on profit/loss from ordinary activities	5	<u>(4,542)</u>	<u>(9,315)</u>
<b>Profit/loss for the year</b>		<b><u>34,435</u></b>	<b><u>86,140</u></b>
<b>Proposed distribution of profit/loss</b>			
Dividend for the financial year		30,000	60,000
Reserve for net revaluation according to the equity method		18,691	59,128
Retained earnings		<u>(14,256)</u>	<u>(32,988)</u>
		<b><u>34,435</u></b>	<b><u>86,140</u></b>

## Parent balance sheet at 31.12.2014

	<u>Notes</u>	<u>2014 DKK'000</u>	<u>2013 DKK'000</u>
Acquired rights		8,259	6,746
Goodwill		34,189	37,274
Development projects in progress		1,255	850
<b>Intangible assets</b>	6	<u><b>43,703</b></u>	<u><b>44,870</b></u>
Land and buildings		35,737	35,289
Plant and machinery		9,207	10,349
Other fixtures and fittings, tools and equipment		11,552	13,060
Property, plant and equipment in progress		2,993	1,391
<b>Property, plant and equipment</b>	7	<u><b>59,489</b></u>	<u><b>60,089</b></u>
Investments in group enterprises		303,176	220,602
Receivables from group enterprises		404	36,616
<b>Fixed asset investments</b>	8	<u><b>303,580</b></u>	<u><b>257,218</b></u>
<b>Fixed assets</b>		<u><b>406,772</b></u>	<u><b>362,177</b></u>
Raw materials and consumables		23,327	14,536
<b>Inventories</b>		<u><b>23,327</b></u>	<u><b>14,536</b></u>
Trade receivables		70,402	117,968
Contract work in progress	9	61,274	58,654
Receivables from group enterprises		274,880	176,631
Other short-term receivables		11,220	4,684
<b>Receivables</b>		<u><b>417,776</b></u>	<u><b>357,937</b></u>
<b>Cash</b>		<u><b>14,827</b></u>	<u><b>41,438</b></u>
<b>Current assets</b>		<u><b>455,930</b></u>	<u><b>413,911</b></u>
<b>Assets</b>		<u><u><b>862,702</b></u></u>	<u><u><b>776,088</b></u></u>

**Parent balance sheet at 31.12.2014**

	<u>Notes</u>	<u>2014</u> <u>DKK'000</u>	<u>2013</u> <u>DKK'000</u>
Contributed capital	10	500	500
Reserve for net revaluation according to the equity method		122,484	84,623
Retained earnings		111,062	140,189
Proposed dividend		30,000	60,000
<b>Equity</b>		<b><u>264,046</u></b>	<b><u>285,312</u></b>
Provisions for deferred tax	11	12,437	29,418
Other provisions	12	20,567	25,636
<b>Provisions</b>		<b><u>33,004</u></b>	<b><u>55,054</u></b>
Finance lease liabilities		759	2,192
Other credit institutions		83,577	10,398
Other payables		3,722	0
<b>Non-current liabilities other than provisions</b>		<b><u>88,058</u></b>	<b><u>12,590</u></b>
Finance lease liabilities		1,433	1,532
Other credit institutions		214,251	96,745
Prepayments received from customers		18,581	26,798
Contract work in progress		27,704	48,379
Trade payables		100,655	105,091
Debt to group enterprises		32,315	86,941
Income tax payable		21,871	17,771
Other payables		60,784	39,875
<b>Current liabilities other than provisions</b>		<b><u>477,594</u></b>	<b><u>423,132</u></b>
<b>Liabilities other than provisions</b>		<b><u>565,652</u></b>	<b><u>435,722</u></b>
<b>Equity and liabilities</b>		<b><u>862,702</u></b>	<b><u>776,088</u></b>
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Mortgages and securities	15		
Related parties with controlling interest	16		
Ownership	17		

## Parent statement of changes in equity for 2014

	<b>Contributed capital DKK'000</b>	<b>Reserve for net revalua- tion accor- ding to the equity me- thod DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Proposed dividend DKK'000</b>
Equity beginning of year	500	84,623	140,189	60,000
Ordinary dividend paid	0	0	0	(60,000)
Exchange rate adjustments	0	5,502	0	0
Value adjustments	0	0	(1,601)	0
Other adjustments	0	13,668	(13,668)	0
Tax of equity postings	0	0	398	0
Profit/loss for the year	0	18,691	(14,256)	30,000
<b>Equity end of year</b>	<b>500</b>	<b>122,484</b>	<b>111,062</b>	<b>30,000</b>
				<b>Total DKK'000</b>
Equity beginning of year				285,312
Ordinary dividend paid				(60,000)
Exchange rate adjustments				5,502
Value adjustments				(1,601)
Other adjustments				0
Tax of equity postings				398
Profit/loss for the year				34,435
<b>Equity end of year</b>				<b>264,046</b>

## Notes to parent financial statements

	<b>2014</b>	<b>2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>1. Revenue</b>		
Denmark	23,149	21,239
EU	253,403	352,218
Other	296,485	284,145
	<b>573,037</b>	<b>657,602</b>

	<b>2014</b>	<b>2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Staff costs</b>		
Wages and salaries	162,393	168,371
Pension costs	11,910	12,060
Other social security costs	2,766	3,161
	<b>177,069</b>	<b>183,592</b>

Average number of employees	<b>314</b>	<b>332</b>
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	<b>Remune- ration of manage- ment 2014</b>	<b>Remune- ration of manage- ment 2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Executive Board	7,063	2,825
Board of Directors	300	530
	<b>7,363</b>	<b>3,355</b>

Wages and salaries, pension costs and other social security costs are recognised in the following items:

	<b>2014</b>	<b>2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Production costs	136,041	145,971
Distribution costs	14,341	19,482
Administrative costs	26,687	18,139
	<b>177,069</b>	<b>183,592</b>

## Notes to parent financial statements

	<b>2014</b>	<b>2013</b>	
	<b>DKK'000</b>	<b>DKK'000</b>	
<b>3. Other financial income</b>			
Financial income arising from group enterprises	3,121	4,172	
Other financial income	11,761	0	
	<b>14,882</b>	<b>4,172</b>	
	<b>2014</b>	<b>2013</b>	
	<b>DKK'000</b>	<b>DKK'000</b>	
<b>4. Other financial expenses</b>			
Financial expenses from group enterprises	133	1,128	
Other financial expenses	11,524	11,393	
	<b>11,657</b>	<b>12,521</b>	
	<b>2014</b>	<b>2013</b>	
	<b>DKK'000</b>	<b>DKK'000</b>	
<b>5. Tax on ordinary profit/loss for the year</b>			
Tax on current year taxable income	22,322	12,609	
Change in deferred tax for the year	(16,981)	(3,294)	
Adjustment concerning previous years	(799)	0	
	<b>4,542</b>	<b>9,315</b>	
	<b>Acquired rights</b>	<b>Goodwill</b>	<b>Develop-ment projects in progress</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>6. Intangible assets</b>			
Cost beginning of year	7,645	70,015	850
Additions	4,969	0	1,904
Disposals	0	0	(1,499)
<b>Cost end of year</b>	<b>12,614</b>	<b>70,015</b>	<b>1,255</b>
Amortisation and impairment losses beginning of year	(899)	(32,741)	0
Amortisation for the year	(3,456)	(3,085)	0
<b>Amortisation and impairment losses end of year</b>	<b>(4,355)</b>	<b>(35,826)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>8,259</b>	<b>34,189</b>	<b>1,255</b>
Assets held under finance leases	<b>0</b>	<b>0</b>	<b>376</b>

## Notes to parent financial statements

	<b>Land and buildings DKK'000</b>	<b>Plant and machinery DKK'000</b>	<b>Other fix- tures and fittings, tools and equipment DKK'000</b>	<b>Property, plant and equipment in progress DKK'000</b>
<b>7. Property, plant and equipment</b>				
Cost beginning of year	78,798	88,108	35,265	1,391
Transfer to and from other items	0	1,187	(1,187)	0
Additions	3,350	1,298	832	4,231
Disposals	0	(175)	(1,420)	(2,629)
<b>Cost end of year</b>	<b>82,148</b>	<b>90,418</b>	<b>33,490</b>	<b>2,993</b>
Depreciation and impairment losses beginning of the year	(43,509)	(77,759)	(22,205)	0
Transfer to and from other items	0	(100)	100	0
Depreciation for the year	(2,902)	(3,524)	(1,253)	0
Reversal regarding disposals	0	172	1,420	0
<b>Depreciation and impairment losses end of the year</b>	<b>(46,411)</b>	<b>(81,211)</b>	<b>(21,938)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>35,737</b>	<b>9,207</b>	<b>11,552</b>	<b>2,993</b>
<b>Carrying amount comprises:</b>				
Assets held under finance leases	0	1,028	788	0



## Notes to parent financial statements

	<b>Investments in group enter- prises DKK'000</b>	<b>Receivables from group enterprises DKK'000</b>
<b>8. Fixed asset investments</b>		
Cost beginning of year	135,979	59,020
Exchange rate adjustments	0	2,337
Additions	44,713	0
Disposals	0	(22,331)
<b>Cost end of year</b>	<b>180,692</b>	<b>39,026</b>
Revaluations beginning of year	84,623	3,234
Exchange rate adjustments	5,502	35
Share of profit/loss for the year	18,691	0
Revaluations	0	(2,832)
Other adjustments	13,668	0
<b>Revaluations end of year</b>	<b>122,484</b>	<b>437</b>
Impairment losses beginning of year	0	(25,638)
Impairment losses for the year	0	(13,421)
<b>Impairment losses end of year</b>	<b>0</b>	<b>(39,059)</b>
<b>Carrying amount end of year</b>	<b>303,176</b>	<b>404</b>
<b>9. Contract work in progress</b>		
	<b>2014</b>	<b>2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Selling price of work performed	404,490	424,883
Invoicing on account	(370,920)	(414,608)
	<b>33,570</b>	<b>10,275</b>
Net value is recognised in the balance sheet as follows:		
Contract work in progress (receivables)	61,274	58,654
Contract work in progress (liabilities)	(27,704)	(48,379)
	<b>33,570</b>	<b>10,275</b>

## Notes to parent financial statements

### 10. Contributed capital

Contributed capital consists of 500 shares of a normal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the contributed capital during the past five years.

	<b>2014</b>	<b>2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>11. Deferred tax</b>		
Intangible assets	1,667	1,205
Property, plant and equipment	1,243	(175)
Receivables	14,810	34,643
Equity	(244)	154
Liabilities other than provisions	(5,039)	(6,409)
	<b>12,437</b>	<b>29,418</b>

### 12. Other provisions

Other provisions comprise warranty commitments and other provisions.

The Company currently makes provisions for warranty commitments relating to both projects in progress and completed projects. The provisions for warranty commitments are calculated as an estimated percentage of revenue on a project-by-project basis. Warranty commitments amount to DKK 17,220k at 31 December 2014.

Other provisions amount to DKK 3,347k at 31 December 2014.

	<b>2014</b>	<b>2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>13. Unrecognised rental and lease commitments</b>		
Commitments under rental agreements or leases until expiry	<b>3,528</b>	<b>5,248</b>

### 14. Contingent liabilities

The Parent participates in a Danish joint taxation arrangement in which Haarslev Group Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

## Notes to parent financial statements

### 15. Mortgages and securities

The Company's shares in subsidiaries have been provided as security for payables in group enterprises to banks and, at 31 December 2014, amount to DKK 821,745k.

A mortgage deed registered to the mortgagor of DKK 30.5m and a letter of indemnity of DKK 4.5m secured on land and buildings with a carrying amount of DKK 35,737k at 31 December 2014 have been provided as security for bank debt in the Parent and Group enterprises amounting to DKK 821,745 k at 31 December 2014.

As part of the Company's ordinary activities, the Company's bank and insurance companies have issued guarantees for contracting projects totaling DKK 106,016k.

### 16. Related parties with controlling interest

Haarslev Group A/S (immediate shareholder), Bogensevej 85, Hårslev, 5471 Sønderø, Denmark is a related party with a controlling interest.

### 17. Ownership

The following shareholder is recorded in the Company's register of shareholders to have at least 5% of the votes of the share capital:

Haarslev Group A/S, Bogensevej 85, Hårslev, 5471 Sønderø, Denmark.