

Haarslev Industries A/S
Central Business Registration No
89523818
Bogensevej 85
DK-5471 Søndersø

Annual report 2015

The Annual General Meeting adopted the annual report on 04.05.2016

Chairman of the General Meeting

Name: Michael Kaalund

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Accounting policies	13
Consolidated income statement for 2015	21
Consolidated balance sheet at 31.12.2015	22
Consolidated statement of changes in equity for 2015	26
Consolidated cash flow statement for 2015	27
Notes to consolidated financial statements	28
Parent income statement for 2015	37
Parent balance sheet at 31.12.2015	38
Parent statement of changes in equity for 2015	40
Notes to parent financial statements	41

Entity details

Entity

Haarslev Industries A/S
Bogensevej 85
DK-5471 Søndersø

Central Business Registration No: 89523818

Registered in: Nordfyns

Financial year: 01.01.2015 - 31.12.2015

Internet: www.haarslev.dk

E-mail: 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, CEO

Michael Kaalund, CFO

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

0900 Copenhagen 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 01.01.2015 - 31.12.2015.

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 31.12.2015 and of the results of their operations and the Group's cash flows for the financial year 01.01.2015 – 31.12.2015.

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, 04.05.2016

Executive Board

Claus Østergaard
CEO

Michael Kaalund
CFO

Board of Directors

Søren Johansen
Chairman

Jan Olsen
Vice-chairman

Thomas Kvorning

Peter Bason

Claus Østergaard

Leif Østergaard

Ola Erics

Bengt Maunsbach

Independent auditor's reports

To the owner of Haarslev Industries A/S

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of Haarslev Industries A/S for the financial year 01.01.2015 - 31.12.2015, 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. 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 31.12.2015, and of the results of their operations and the Group's cash flows for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

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 consolidated financial statements and parent financial statement.

Copenhagen, 04.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Lars Siggaard Hansen

State Authorised Public Accountant

Tim Kjær-Hansen

State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial high-lights					
Key figures					
Revenue	1.500.809	1.160.187	1.212.329	1.177.803	1.047.215
Gross profit/loss	299.656	235.434	286.641	275.126	237.866
Operating profit/loss	92.153	80.534	144.886	154.364	140.597
Net financials	(19.247)	(13.790)	(22.324)	(25.059)	(18.997)
Profit/loss for the year	54.145	34.435	86.140	91.844	81.290
Total assets	1.366.692	1.288.073	1.106.201	985.306	937.518
Investments in property, plant and equipment	42.701	44.108	20.209	19.371	18.484
Equity	283.231	264.046	285.312	239.331	146.092
Ratios					
Gross margin (%)	20,0	20,3	23,6	23,4	22,7
Net margin (%)	3,6	3,0	7,1	7,8	7,8
Return on equity (%)	19,8	12,5	32,8	47,7	68,3
Equity ratio (%)	20,7	20,5	25,8	24,3	15,6

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, drying and dehydrating equipment for the municipal and industrial environmental sectors.

Development in activities and finances

The Group's income statement for 2015 shows a profit after tax of DKK 54.145k, which is lower than expected and not in accordance with outlook presented in the annual report 2014. The development is an improvement compared to 2014 – driven by a significant higher revenue, but partially offset by a lower profitability. The Group's balance sheet at 31 December 2015 shows equity of DKK 283.231k.

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 2015 and its results from activities and cash flows for the financial year for 2015 have not been affected by any unusual circumstances.

Outlook

Compared to 2014 the market picked well up in 2015 with a good year-on-year growth. Into 2016 it is expected that the market will continue to be positive and increasing in key markets and segments. As such the Group also expects that 2016 will end at a higher level than 2015.

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.

Management commentary

Customers

The Group aims at creating value for its customers by providing intelligent 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.

The number of employees has developed as follows:

	<u>Denmark</u>	<u>Globally</u>
Number of employees, beginning of year	312	1,060
Change	<u>79</u>	<u>147</u>
Number of employees, end of year	<u>391</u>	<u>1,207</u>

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.

Management commentary

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 and because the Group's principal shareholder is Altor Fund III, who is a member of Danish Venture Capital and Private Equity Association (www.dvca.dk), then the Haarslev Group in all material respects complies with the guidelines for responsible ownership and corporate governance of DVCA.

On this basis, Management has developed a number of internal procedures to ensure an active, secure and profitable management of the Group. This includes after a strengthening of the Group Finance function an increased number of financial control reviews and controlling visits to be implemented early 2016, where also an updated "Code of Conduct" across the Group will be implemented.

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.

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.

Management commentary

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 2015, Haarslev Industries A/S' external interest-bearing debt totals a net amount of DKK 253,367k 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 2015.

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	
<p>Søren Johansen¹ Chairman of the Board of Directors. Member of the Board since 2012.</p> <p>CEO of Altor Equity Partners A/S. Chairman of the Board of Wrist Ship Supply Holding A/S, W.S.S. Holding A/S, Wrist Ship Supply A/S, Norican Global A/S, CAM Group Holding 1 DK Aps, CAM Group Holding 2 DK Aps, Statens Ejendomssalg A/S, and Okholm ApS. Member of the Board of Carnegie Asset Management Holding Danmark A/S, CAM Group Holding A/S, Hamlet Protein A/S, PSR ApS, New Nutrition ApS and New Nutrition Holding ApS.</p>	<p>Jan Vestergaard Olsen¹ Vice-chairman of the Board of Directors since 2012.</p> <p>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.</p>
<p>Thomas Kvorning¹ Director at Altor Equity Partners A/S. Member of the Board of Directors since 2012.</p> <p>Member of the Board of Norican Global A/S, New Nutrition Holding ApS and Ferrosan Medical Devices Holding A/S.</p>	<p>Peter Bason¹ Director at Altor Equity Partners A/S. Member of the Board of Directors since 2012.</p> <p>Vice-chairman of the Board of Ålø Holding AB.</p>
<p>Claus Østergaard² CEO and member of the Board of Directors since 2012.</p> <p>CEO and Board member of Dexter Invest af 21. April 2006 A/S, Haarslev Invest ApS and CEO of 200369 ApS, 7599 ApS, 3696 ApS, and 26693 ApS.</p>	<p>Leif Østergaard² Member of the Board of Directors since 2012.</p> <p>CEO and Board member of SEM Stålinindustri 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.</p>
<p>Ola Erics¹ Member of the Board of Directors since 2012.</p> <p>Chairman of the Board of Ecobrånse AB, Geveko AB, Danske Bank Lund, and Arendalis AB. Member of the Board of Solix AB, Midsona AB and Racks AB.</p>	<p>Bengt Maunsbach¹ Member of the Board of Directors since 2012.</p> <p>Partner at Altor Equity Partners. Member of the Board of Ålø Holding AB, Ålø Group AB, Papyrus Holding, Altor Equity Partners AB, BMAPEX AB and TYUIO Group AB</p>
<p><i>1 Elected by Altor Fund III</i> <i>2 Elected by Claus Østergaard</i></p>	

Management commentary

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 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 2015 amounts to DKK 50m.

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.

Management commentary

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 or net realisable value if this is lower.

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 2015" 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 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Revenue	1	1.500.809	1.160.187
Production costs	3	<u>(1.201.153)</u>	<u>(924.753)</u>
Gross profit/loss		299.656	235.434
Distribution costs		(90.514)	(65.303)
Administrative costs	2	<u>(116.989)</u>	<u>(89.597)</u>
Operating profit/loss		92.153	80.534
Other financial income	4	3.972	5.755
Other financial expenses	5	<u>(23.219)</u>	<u>(19.545)</u>
Profit/loss from ordinary activities before tax		72.906	66.744
Tax on profit/loss from ordinary activities	6	<u>(18.761)</u>	<u>(32.309)</u>
Profit/loss for the year		<u>54.145</u>	<u>34.435</u>
Proposed distribution of profit/loss			
Dividend for the financial year		50.000	30.000
Retained earnings		<u>4.145</u>	<u>4.435</u>
		<u>54.145</u>	<u>34.435</u>

Consolidated balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Completed development projects		0	0
Acquired intangible assets		407	474
Acquired rights		17.680	13.379
Goodwill		230.389	256.832
Development projects in progress		<u>1.163</u>	<u>1.256</u>
Intangible assets	7	<u>249.639</u>	<u>271.941</u>
Land and buildings		72.263	73.764
Plant and machinery		54.062	43.027
Other fixtures and fittings, tools and equipment		29.342	28.962
Property, plant and equipment in progress		<u>12.821</u>	<u>5.015</u>
Property, plant and equipment	8	<u>168.488</u>	<u>150.768</u>
Other receivables		<u>3.134</u>	<u>2.891</u>
Fixed asset investments	9	<u>3.134</u>	<u>2.891</u>
Fixed assets		<u>421.261</u>	<u>425.600</u>
Raw materials and consumables		<u>166.178</u>	<u>141.455</u>
Inventories		<u>166.178</u>	<u>141.455</u>
Trade receivables		239.322	246.744
Contract work in progress	11	153.459	117.828
Receivables from group enterprises		81.229	73.159
Deferred tax assets	12	12.551	137
Other short-term receivables		<u>55.278</u>	<u>49.297</u>
Receivables		<u>541.839</u>	<u>487.165</u>
Cash		<u>237.414</u>	<u>233.853</u>
Current assets		<u>945.431</u>	<u>862.473</u>
Assets		<u><u>1.366.692</u></u>	<u><u>1.288.073</u></u>

Consolidated balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
Contributed capital		500	500
Retained earnings		232.731	233.546
Proposed dividend		50.000	30.000
Equity		<u>283.231</u>	<u>264.046</u>
Provisions for deferred tax	12	20.095	21.747
Other provisions	13	61.470	62.609
Provisions		<u>81.565</u>	<u>84.356</u>
Finance lease liabilities		0	759
Other credit institutions	14	266.593	262.614
Other payables		5.087	3.722
Non-current liabilities other than provisions		<u>271.680</u>	<u>267.095</u>
Finance lease liabilities		1.394	2.157
Other credit institutions		205.106	214.421
Prepayments received from customers		48.290	35.650
Contract work in progress		152.108	85.201
Trade payables		195.290	204.891
Payables to group enterprises		9.285	0
Income tax payable		7.255	27.564
Other payables		111.488	102.692
Current liabilities other than provisions		<u>730.216</u>	<u>672.576</u>
Liabilities other than provisions		<u>1.001.896</u>	<u>939.671</u>
Equity and liabilities		<u>1.366.692</u>	<u>1.288.073</u>
Subsidiaries	10		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Mortgages and securities	18		
Consolidation	19		

Consolidated statement of changes in equity for 2015

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	500	233.546	30.000	264.046
Ordinary dividend paid	0	0	(30.000)	(30.000)
Exchange rate adjustments	0	(4.569)	0	(4.569)
Value adjustments	0	(282)	0	(282)
Tax of equity postings	0	(109)	0	(109)
Profit/loss for the year	0	4.145	50.000	54.145
Equity end of year	500	232.731	50.000	283.231

Consolidated cash flow statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Operating profit/loss		92.153	80.534
Amortisation, depreciation and impairment losses		46.041	51.035
Working capital changes	15	<u>18.595</u>	<u>(48.826)</u>
Cash flow from ordinary operating activities		156.789	82.743
Financial income received		3.972	5.755
Financial income paid		(23.219)	(19.545)
Income taxes refunded/(paid)		<u>(58.035)</u>	<u>(36.585)</u>
Cash flows from operating activities		79.507	32.368
Acquisition etc of intangible assets		(11.786)	(74.662)
Sale of intangible assets		11.137	0
Acquisition etc of property, plant and equipment		(42.701)	(44.108)
Sale of property, plant and equipment		4.505	0
Acquisition of fixed asset investments		<u>(243)</u>	<u>(125)</u>
Cash flows from investing activities		(39.088)	(118.895)
Loans raised		21.038	78.185
Reduction of lease commitments		(1.522)	(1.982)
Dividend paid		<u>(30.000)</u>	<u>(60.000)</u>
Cash flows from financing activities		(10.484)	16.203
Increase/decrease in cash and cash equivalents		29.935	(70.324)
Cash and cash equivalents beginning of year		<u>19.432</u>	<u>89.756</u>
Cash and cash equivalents end of year		49.367	19.432
Cash and cash equivalents at year-end are composed of:			
Cash		237.414	233.853
Short-term debt to banks		<u>(188.047)</u>	<u>(214.421)</u>
Cash and cash equivalents end of year		49.367	19.432

Notes to consolidated financial statements

	2015	2014
	DKK'000	DKK'000
1. Revenue		
Denmark	41.975	23.966
EU	376.801	372.580
Other	1.082.033	763.641
	1.500.809	1.160.187
	2015	2014
	DKK'000	DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	2.058	1.780
Tax services	102	92
Other services	276	1.474
	2.436	3.346
	2015	2014
	DKK'000	DKK'000
3. Staff costs		
Wages and salaries	327.844	283.661
Pension costs	20.797	15.733
Other social security costs	17.346	16.624
	365.987	316.018
Average number of employees	1.139	989
	Remune- ration of manage- ment 2015	Remune- ration of manage- ment 2014
	DKK'000	DKK'000
Executive Board	3.526	4.535
Board of Directors	565	565
	4.091	5.100

Notes to consolidated financial statements

3. Staff costs (continued)

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

	2015	2014
	DKK'000	DKK'000
Production costs	254,262	214,944
Distribution costs	61,298	52,646
Administrative costs	50,427	48,428
	365,987	316,018

	2015	2014
	DKK'000	DKK'000
4. Other financial income		
Financial income arising from group enterprises	1.937	1.586
Other financial income	2.035	4.169
	3.972	5.755

	2015	2014
	DKK'000	DKK'000
5. Other financial expenses		
Other financial expenses	23.219	19.545
	23.219	19.545

	2015	2014
	DKK'000	DKK'000
6. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	28.914	45.559
Change in deferred tax for the year	(9.430)	(13.250)
Adjustment concerning previous years	(723)	0
	18.761	32.309

Notes to consolidated financial statements

	Completed develop- ment pro- jects DKK'000	Acquired intangible assets DKK'000	Acquired rights DKK'000	Goodwill DKK'000
7. Intangible assets				
Cost beginning of year	1.745	3.438	24.366	363.403
Exchange rate adjustments	0	(4)	(85)	975
Additions	0	0	11.571	0
Disposals	0	0	(16)	(10.824)
Cost end of year	1.745	3.434	35.836	353.554
Amortisation and impairment losses beginning of year	(1.745)	(2.964)	(10.987)	(106.571)
Exchange rate adjustments	0	(2)	141	(185)
Amortisation for the year	0	(61)	(7.320)	(16.409)
Reversal regarding disposals	0	0	10	0
Amortisation and impairment losses end of year	(1.745)	(3.027)	(18.156)	(123.165)
Carrying amount end of year	0	407	17.680	230.389
				Develop- ment pro- jects in progress DKK'000
7. Intangible assets				
Cost beginning of year				1.256
Exchange rate adjustments				0
Additions				591
Disposals				(684)
Cost end of year				1.163
Amortisation and impairment losses beginning of year				0
Exchange rate adjustments				0
Amortisation for the year				0
Reversal regarding disposals				0
Amortisation and impairment losses end of year				0
Carrying amount end of year				1.163

Notes to consolidated financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fix- tures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
8. Property, plant and equipment				
Cost beginning of year	130.921	148.706	77.440	5.020
Exchange rate adjustments	777	(362)	1.257	104
Additions	2.188	21.345	8.473	10.695
Disposals	0	(1.920)	(7.303)	(2.993)
Cost end of year	133.886	167.769	79.867	12.826
Depreciation and impairment losses beginning of the year	(57.157)	(105.679)	(48.478)	(5)
Exchange rate adjustments	63	556	(620)	0
Depreciation for the year	(4.529)	(9.106)	(8.616)	0
Reversal regarding disposals	0	522	7.189	0
Depreciation and impairment losses end of the year	(61.623)	(113.707)	(50.525)	(5)
Carrying amount end of year	72.263	54.062	29.342	12.821
Recognised assets not owned by entity	0	0	1.732	0
				Other receivables DKK'000
9. Fixed asset investments				
Cost beginning of year				2.891
Additions				243
Cost end of year				3.134
Carrying amount end of year				3.134

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Equity inte- rest %</u>	<u>Equity DKK'000</u>
10. Subsidiaries			
Haarslev Inc.	Kansas City, USA	100,0	72.432
Haarslev Industris GmbH	Krefeldt, Germany	100,0	37.195
Stord-Bartz AS	Bryne, Norway	100,0	4.527
Haarslev Industries S.A.C.	Lima, Peru	100,0	(874)
Haarslev Inversiones Internacionales S.L.U.	Barcelona, Spain	100,0	24.591
Haarslev Industries LTDA	Curitiba, Bazil	100,0	36.060
Haarslev Industries S.A.U.	Barcelona, Spain	100,0	113.983
Haarslev Industries PTE LTD	Labuan, F.T., Malay- sia	100,0	13.744
Haarslev Industries SDN BHD	Selangor Darul Eshan, Malaysia	100,0	(273)
Haarslev Industries L.L.C	Moscow, Russia	100,0	11.299
Haarslev Xuzhou Machinery Co. Ltd.	Xuzhou City, Jiangsu Province, China	100,0	66.436
HM Xuzhou Trading Co. Ltd.	Xuzhou City, Jiangsu Province, China	100,0	4.634
Haarslev Industries Ltd.	Albany Auckland, New Zealand	100,0	(3.381)
Haarslev Industries (India) Pvt Ltd	Mumbai, Maha- rashtra, India	100,0	(73)
Haarslev Industries Poland Sp. z.o.o.	Warszawa, Poland	100,0	243
Haarslev Industries S.A.S	Lorient, France	100,0	13.510
Haarslev Industries Press Technology GmbH & Co. KG	Remscheid, Germa- ny	100,0	(199)
Haarslev Makine Sanayi A.Ş.	Bursa, Turkey	100,0	(4.460)

11. Contract work in progress

	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Selling price of work performed	1,034,653	705,463
Invoicing on account	<u>(1,033,302)</u>	<u>(672,836)</u>
	<u>1,351</u>	<u>32,627</u>
Net value is recognised in the balance sheet as follows:		
Contract work in progress (receivables)	153,459	117,828
Contract work in progress (liabilities)	<u>(152,108)</u>	<u>(85,201)</u>
	<u>1,351</u>	<u>32,627</u>

Notes to consolidated financial statements

	2015	2014
	DKK'000	DKK'000
12. Deferred tax		
Intangible assets	2.858	1.667
Property, plant and equipment	2.120	1.243
Receivables	19.751	24.120
Equity	(219)	(244)
Liabilities other than provisions	(4.415)	(5.039)
Tax losses carried forward	(12.551)	(137)
	7.544	21.610

The net deferred tax position is disclosed as a deferred tax asset of DKK 12,551k, relating to tax loss carryforwards and a deferred tax liability of DKK 20,095k.

13. 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 49,584k at 31 December 2015.

Other provisions amount to DKK 11,886k at 31 December 2015.

14. 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:

	2015	2014
	DKK'000	DKK'000
Other credit institutions		
Fall due between 1 and 5 years	91,790	88,419
Fall due more than 5 years	174,803	174,195
	266,593	262,614

Notes to consolidated financial statements

	2015 DKK'000	2014 DKK'000
15. Change in working capital		
Increase/decrease in inventories	(24.723)	(44.983)
Increase/decrease in receivables	29.546	(21.034)
Increase/decrease in trade payables etc	21.346	11.087
Other changes	(7.574)	6.104
	18.595	(48.826)
	2015 DKK'000	2014 DKK'000
16. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	31.075	29.055

17. Contingent liabilities

As a part of the international activity, the Group and the Parent are in dialogue with Danish as well as foreign authorities regarding the proper calculation, declaration and payment of both customs, VAT, and taxes.

Based on a specific risk assessment, these are continuously accounted for when it is likely to result in costs in addition to the initial accounting treatment.

18. Mortgages and securities

The Group's shares in subsidiaries have been provided as security for payables to banks and, at 31 December 2015, amount net to DKK 780,165k.

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 33,853k at 31 December 2015 have been provided as security for bank debt in the Parent and group enterprises amounting net to DKK 780,165k at 31 December 2015.

As part of the Group's ordinary activities, the Group's bank and insurance companies have issued guarantees for contracting projects totaling DKK 101,307k.

19. 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 Søndersø, Denmark from where copies may be obtained.

Parent income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Revenue	1	748.026	573.037
Production costs	3	<u>(615.401)</u>	<u>(482.550)</u>
Gross profit/loss		132.625	90.487
Distribution costs		(23.412)	(20.245)
Administrative costs	2	<u>(69.398)</u>	<u>(53.181)</u>
Operating profit/loss		39.815	17.061
Income from investments in group enterprises		21.931	18.691
Other financial income	4	13.758	14.882
Other financial expenses	5	<u>(11.399)</u>	<u>(11.657)</u>
Profit/loss from ordinary activities before tax		64.105	38.977
Tax on profit/loss from ordinary activities	6	<u>(9.960)</u>	<u>(4.542)</u>
Profit/loss for the year		<u>54.145</u>	<u>34.435</u>
Proposed distribution of profit/loss			
Dividend for the financial year		50.000	30.000
Reserve for net revaluation according to the equity method		21.931	18.691
Retained earnings		<u>(17.786)</u>	<u>(14.256)</u>
		<u>54.145</u>	<u>34.435</u>

Parent balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Acquired rights		12.991	8.259
Goodwill		31.104	34.189
Development projects in progress		1.163	1.255
Intangible assets	7	<u>45.258</u>	<u>43.703</u>
Land and buildings		33.853	35.737
Plant and machinery		14.185	9.207
Other fixtures and fittings, tools and equipment		11.857	11.552
Property, plant and equipment in progress		10.820	2.993
Property, plant and equipment	8	<u>70.715</u>	<u>59.489</u>
Investments in group enterprises		352.190	303.176
Receivables from group enterprises		15.309	404
Fixed asset investments	9	<u>367.499</u>	<u>303.580</u>
Fixed assets		<u>483.472</u>	<u>406.772</u>
Raw materials and consumables		26.654	23.327
Inventories		<u>26.654</u>	<u>23.327</u>
Trade receivables		74.322	70.402
Contract work in progress	10	69.706	61.274
Receivables from group enterprises		291.630	274.880
Other short-term receivables		14.420	11.220
Income tax receivable		5.282	0
Receivables		<u>455.360</u>	<u>417.776</u>
Cash		<u>81</u>	<u>14.827</u>
Current assets		<u>482.095</u>	<u>455.930</u>
Assets		<u><u>965.567</u></u>	<u><u>862.702</u></u>

Parent balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital	11	500	500
Reserve for net revaluation according to the equity method		90.364	122.484
Retained earnings		142.367	111.062
Proposed dividend		50.000	30.000
Equity		<u>283.231</u>	<u>264.046</u>
Provisions for deferred tax	12	17.796	12.437
Other provisions	13	23.952	20.567
Provisions		<u>41.748</u>	<u>33.004</u>
Finance lease liabilities		0	759
Other credit institutions	14	85.301	83.577
Other payables		5.087	3.722
Non-current liabilities other than provisions		<u>90.388</u>	<u>88.058</u>
Finance lease liabilities		759	1.433
Other credit institutions		204.803	214.251
Prepayments received from customers		46.017	18.582
Contract work in progress		46.052	27.704
Trade payables		98.793	100.654
Payables to group enterprises		85.314	32.315
Income tax payable		0	21.871
Other payables		68.462	60.784
Current liabilities other than provisions		<u>550.200</u>	<u>477.594</u>
Liabilities other than provisions		<u>640.588</u>	<u>565.652</u>
Equity and liabilities		<u>965.567</u>	<u>862.702</u>
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Mortgages and securities	17		
Related parties with controlling interest	18		
Ownership	19		

Parent statement of changes in equity for 2015

	Contributed capital DKK'000	Reserve for net revalua- tion accor- ding to the equity me- thod DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	500	122.484	111.062	30.000
Ordinary dividend paid	0	0	0	(30.000)
Exchange rate adjustments	0	(4.569)	0	0
Value adjustments	0	(746)	464	0
Other adjustments	0	(48.736)	48.736	0
Tax of equity postings	0	0	(109)	0
Profit/loss for the year	0	21.931	(17.786)	50.000
Equity end of year	500	90.364	142.367	50.000
				Total DKK'000
Equity beginning of year				264.046
Ordinary dividend paid				(30.000)
Exchange rate adjustments				(4.569)
Value adjustments				(282)
Other adjustments				0
Tax of equity postings				(109)
Profit/loss for the year				54.145
Equity end of year				283.231

Notes to parent financial statements

	2015	2014
	DKK'000	DKK'000
1. Revenue		
Denmark	41.975	23.149
EU	214.829	253.403
Other	491.222	296.485
	748.026	573.037

	2015	2014
	DKK'000	DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	1.022	991
Tax services	102	92
Other services	147	159
	1.271	1.242

	2015	2014
	DKK'000	DKK'000
3. Staff costs		
Wages and salaries	192.839	162.393
Pension costs	13.993	11.910
Other social security costs	3.098	2.766
	209.930	177.069

Average number of employees	350	314
-----------------------------	------------	------------

	Remune- ration of manage- ment 2015	Remune- ration of manage- ment 2014
	DKK'000	DKK'000
Executive Board	3.526	4.535
Board of Directors	565	565
	4.091	5.100

Notes to parent financial statements

3. Staff costs (continued)

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

	2015	2014
	DKK'000	DKK'000
Production costs	166,399	136,041
Distribution costs	18,220	14,341
Administrative costs	25,311	26,687
	209,930	177,069

	2015	2014
	DKK'000	DKK'000
4. Other financial income		
Financial income arising from group enterprises	5.610	3.121
Other financial income	8.148	11.761
	13.758	14.882

	2015	2014
	DKK'000	DKK'000
5. Other financial expenses		
Financial expenses from group enterprises	0	133
Other financial expenses	11.399	11.524
	11.399	11.657

	2015	2014
	DKK'000	DKK'000
6. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	688	22.322
Change in deferred tax for the year	9.995	(16.981)
Adjustment concerning previous years	(723)	(799)
	9.960	4.542

Notes to parent financial statements

	<u>Acquired rights DKK'000</u>	<u>Goodwill DKK'000</u>	<u>Develop- ment pro- jects in progress DKK'000</u>	
7. Intangible assets				
Cost beginning of year	12.614	70.015	1.255	
Additions	10.110	0	591	
Disposals	0	0	(683)	
Cost end of year	<u>22.724</u>	<u>70.015</u>	<u>1.163</u>	
Amortisation and impairment losses beginning of year	(4.355)	(35.826)	0	
Amortisation for the year	(5.378)	(3.085)	0	
Amortisation and impairment losses end of year	<u>(9.733)</u>	<u>(38.911)</u>	<u>0</u>	
Carrying amount end of year	<u>12.991</u>	<u>31.104</u>	<u>1.163</u>	
	<u>Land and buildings DKK'000</u>	<u>Plant and machinery DKK'000</u>	<u>Other fix- tures and fittings, tools and equipment DKK'000</u>	<u>Property, plant and equipment in progress DKK'000</u>
8. Property, plant and equipment				
Cost beginning of year	82.148	90.418	33.490	2.993
Additions	1.141	8.700	1.466	10.820
Disposals	0	(20)	(5.816)	(2.993)
Cost end of year	<u>83.289</u>	<u>99.098</u>	<u>29.140</u>	<u>10.820</u>
Depreciation and impairment losses beginning of the year	(46.411)	(81.211)	(21.938)	0
Depreciation for the year	(3.025)	(3.722)	(1.155)	0
Reversal regarding disposals	0	20	5.810	0
Depreciation and impairment losses end of the year	<u>(49.436)</u>	<u>(84.913)</u>	<u>(17.283)</u>	<u>0</u>
Carrying amount end of year	<u>33.853</u>	<u>14.185</u>	<u>11.857</u>	<u>10.820</u>
Recognised assets not owned by entity	0	0	875	0

Notes to parent financial statements

	Investments in group enter- prises DKK'000	Receivables from group enterprises DKK'000
9. Fixed asset investments		
Cost beginning of year	180.692	39.026
Exchange rate adjustments	0	(232)
Transfer to and from other items	0	226
Additions	81.134	11.709
Disposals	0	(29.452)
Cost end of year	261.826	21.277
Revaluations beginning of year	122.484	437
Exchange rate adjustments	(4.569)	104
Share of profit/loss for the year	21.931	0
Revaluations	0	(67)
Other adjustments	(49.482)	0
Revaluations end of year	90.364	474
Impairment losses beginning of year	0	(39.059)
Impairment losses for the year	0	32.617
Impairment losses end of year	0	(6.442)
Carrying amount end of year	352.190	15.309
10. Contract work in progress		
	2015	2014
	DKK'000	DKK'000
Selling price of work performed	447,567	404,490
Invoicing on account	(423,913)	(370,920)
	23,654	33,570
Net value is recognised in the balance sheet as follows:		
Contract work in progress (receivables)	69,706	61,274
Contract work in progress (liabilities)	(46,052)	(27,704)
	23,654	33,570

Notes to parent financial statements

11. 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.

	2015	2014
	DKK'000	DKK'000
12. Deferred tax		
Intangible assets	2.858	1.667
Property, plant and equipment	2.120	1.243
Receivables	17.451	14.810
Equity	(219)	(244)
Liabilities other than provisions	(4.414)	(5.039)
	17.796	12.437

13. 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 23,102k at 31 December 2015.

Other provisions amount to DKK 850k at 31 December 2015.

14. 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:

	2015	2014
	DKK'000	DKK'000
Other credit institutions		
Fall due between 1 and 5 years	85,301	83,577
Fall due more than 5 years	0	0
	85,301	83,577

Notes to parent financial statements

	2015	2014
	<u>DKK'000</u>	<u>DKK'000</u>
15. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	<u>5.249</u>	<u>3.528</u>

16. 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. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

As a part of the international activity, the Group and the Parent are in dialogue with Danish as well as foreign authorities regarding the proper calculation, declaration and payment of both customs, VAT, and taxes.

Based on a specific risk assessment, these are continuously accounted for when it is likely to result in costs in addition to the initial accounting treatment.

17. 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 2015, amount net to DKK 780,165k.

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 33,853k at 31 December 2015 have been provided as security for bank debt in the Parent and group enterprises amounting net to DKK 780,165k at 31 December 2015.

As part of the Company's ordinary activities, the Company's bank and insurance companies have issued guarantees for contracting projects totaling DKK 89,829k.

Notes to parent financial statements

18. Related parties with controlling interest

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

19. Ownership

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

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