Annual Report 2016

AalborgPortlandHolding

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1 MANAGEMENT'S REVIEW

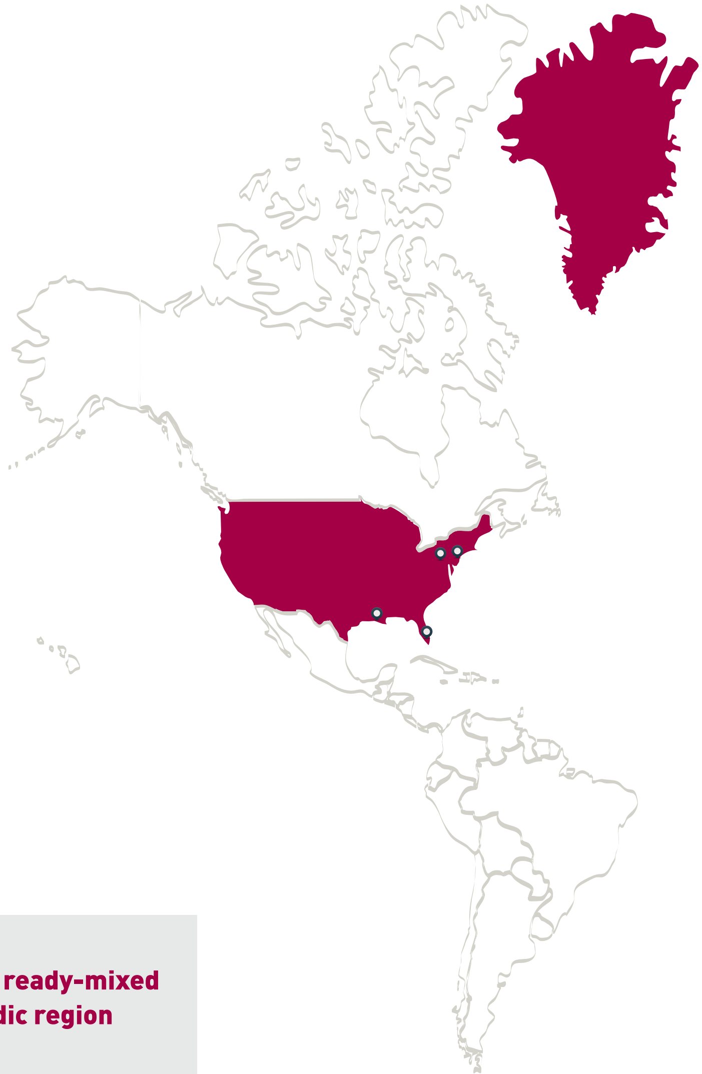
2 FINANCIAL STATEMENTS (GROUP)

3 FINANCIAL STATEMENTS (PARENT COMPANY)

4 SIGNATURES

5 THE GROUP

1 MANAGEMENT'S REVIEW



Profile

Part of the Cementir Group

Aalborg Portland Holding, Denmark, with its head office in Aalborg, is part of the Cementir Group, an international supplier of cement and concrete. Besides the activities in the Aalborg Portland Holding Group, the Cementir Group comprises Italian companies. In order to strengthen the creation of value in the individual companies certain functions are coordinated within the Cementir Group.
Cementir Holding S.p.A. has its head office in Rome, is listed on the Italian Stock Exchange in Milan (code CEM) and is part of the listed Caltagirone Group.
www.cementirholding.it

NORDIC & BALTIC

A leading cement producer in the Nordic Region

Aalborg Portland produces grey and white cement at its plant in Aalborg.

The products are sold in Denmark, USA and neighbouring countries.

1,525,000
tonnes of grey cement

705,000
tonnes of white cement

Leading supplier of ready-mixed concrete in the Nordic region

Unicon is market leader within ready-mixed concrete in the Nordic region.

Production takes place at 80 plants in Denmark, Norway and Sweden.

Quarrying and sale of aggregates (mainly granite and gravel) from 15 sites in Denmark and Sweden.

2,276,000
m^3 of ready-mixed concrete

3,598,000
tonnes of aggregates

GREY CEMENT

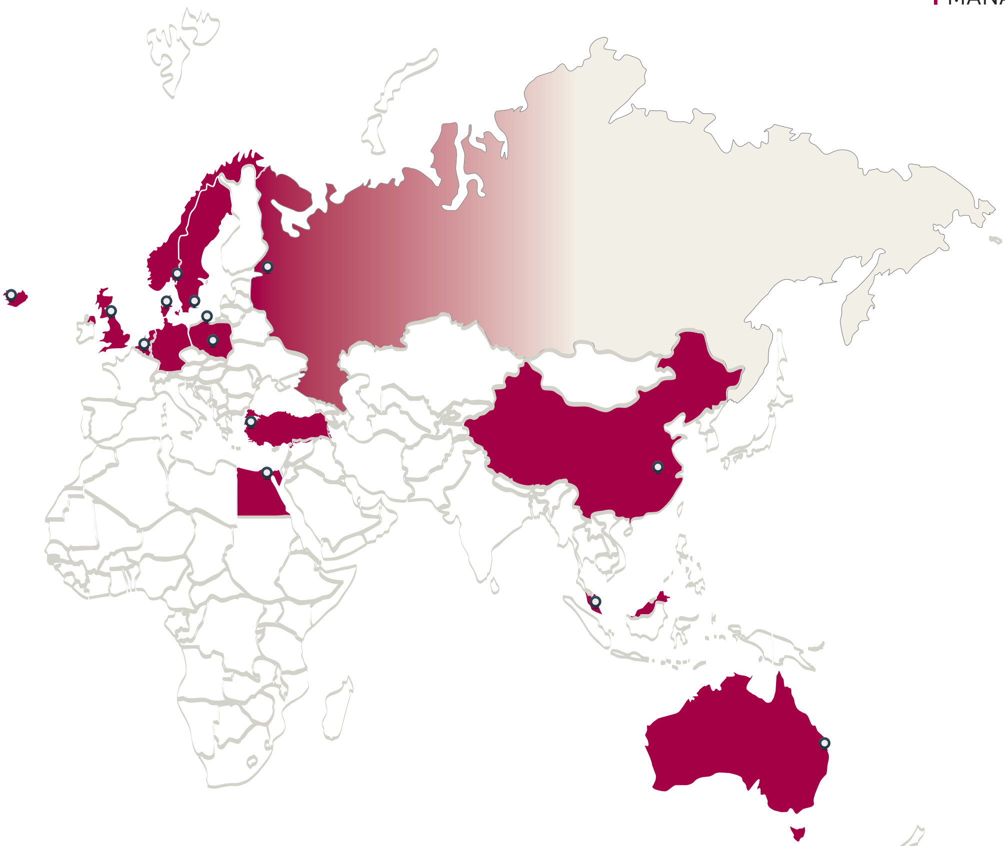
is the most important construction material for strengthening infrastructure, building homes and bridges, creating harbours and expanding airports.

WHITE CEMENT

is for solutions ranging from aesthetics to safety - from terrazzo or bathroom tile grouts to highway safety barriers whose whiteness ensures high visibility night and day in all weathers.

READY-MIXED CONCRETE

is delivered to site ready for casting and is the efficient solution when high-reliability, quality concrete is needed in large volumes.



BELGIUM

One of the largest producers of cement, ready-mixed concrete and aggregates in Belgium

The CCB plant is a leader in the manufacture of cement that can meet specific implementation criteria: conventional construction and masonry work, work of high aesthetic quality, structures in harsh environments and oil well drilling.

1,778,000*
tonnes of grey cement

763,000*
m^3 of ready-mixed concrete

4,805,000*
tonnes of aggregates

*Full year 2016

OVERSEAS

World-leading producer of white cement

Production at large plants in Denmark, USA, Egypt, Malaysia and China.

The white cement is sold to a number of markets worldwide.

1,478,000
tonnes of white cement

TURKEY

Extensive activities in Turkey

Cimentas is among the largest cement groups in Turkey with production at several sites in the country.

In addition, Cimentas has 15 ready-mixed concrete plants.

Recydia AS processes and recycles waste in Turkey and UK.

4,300,000
tonnes of grey cement

1,893,000
m^3 of ready-mixed concrete

206,000
tonnes of waste

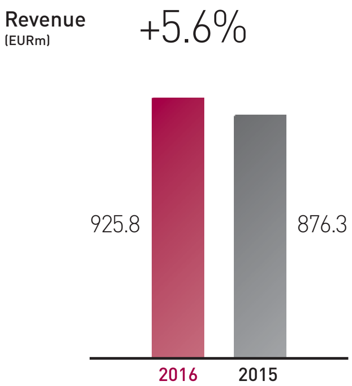
AGGREGATES

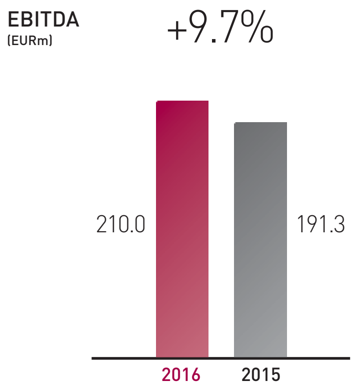
- a wide range of building aggregates such as sand, gravel and granite to construction industry. The products are mainly used for construction, asphalt and concrete purposes.

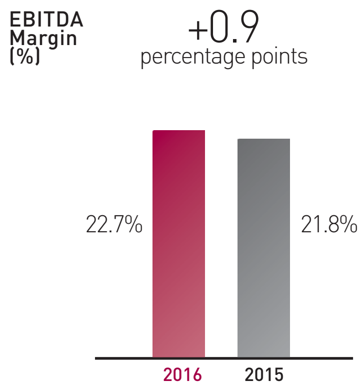
WASTE

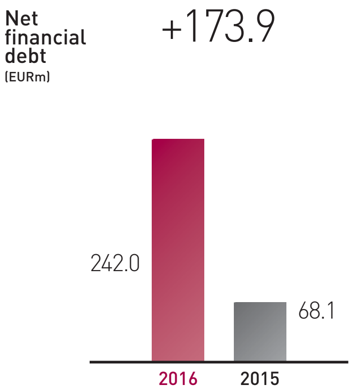
- supply and usage of alternative fuels in order to diversify and optimise the energy resources of the Group.

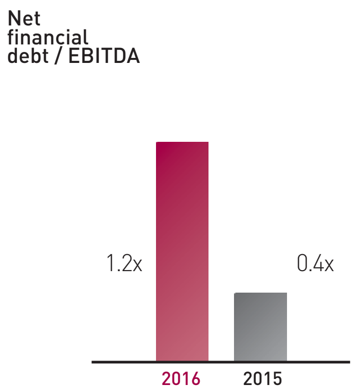
Performance, financial and equity highlights

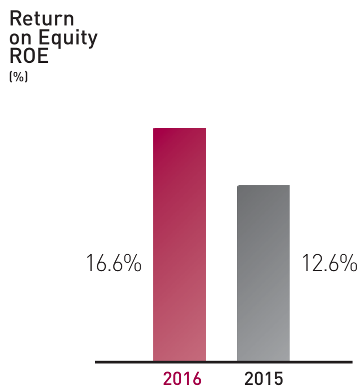












Performance highlights

EUR '000	2016	2015	2014	2013	2012	2011	2010
Revenue	925,806	876,309	858,401	670,764	580,330	549,860	477,320
EBITDA	209,963	191,322	192,640	147,386	111,517	90,165	72,375
EBITDA Margin %	*22.7%*	*21.8%*	*22.4%*	*22.0%*	*19.2%*	*16.6%*	*15.2%*
EBIT	138,169	116,610	130,931	98,930	64,689	45,667	28,214
EBIT Margin %	*14.9%*	*13.3%*	*15.3%*	*14.7%*	*11.1%*	*8.3%*	*5.9%*
Financial income (expense)	28,535	1,521	2,222	-2,963	-1,564	1,251	400
Profit before taxes	171,831	123,196	136,368	98,237	66,447	49,135	30,757
Income taxes	42,988	25,298	27,394	22,075	11,424	12,861	5,091
Profit for the year	128,843	97,898	108,975	76,162	55,023	36,274	25,666
Profit for the period margin %	*13.9%*	*11.2%*	*12.7%*	*11.4%*	*9.5%*	*6.6%*	*5.4%*
Group net profit	115,319	91,767	89,300	64,736	47,795	31,348	17,998
Group net profit margin %	*12.5%*	*10.5%*	*10.4%*	*9.7%*	*8.2%*	*5.7%*	*3.8%*

Financial and equity highlights

EUR '000	2016	2015	2014	2013	2012	2011	2010
Net capital employed (a)	1,191,990	940,117	988,916	931,442	532,859	547,992	572,229
Total assets	1,696,879	1,283,593	1,281,560	1,202,828	778,251	690,468	696,729
Total equity	769,262	780,996	767,375	666,358	505,696	465,700	459,003
Group shareholders' equity	667,398	654,177	592,381	476,245	445,758	405,969	397,753
Net financial debt	241,984	68,142	117,028	141,631	24,238	5,461	44,006

(a) Intangible assets + tangible assets + working capital
(b) Inventories, receivables and trade payables

Profit and equity ratios

	2016	2015	2014	2013	2012	2011	2010
Return on equity (a)	16.6%	12.6%	15.2%	13.0%	11.3%	7.9%	5.9%
Return on average capital employed (ROCE) (b)	9.7%	9.6%	10.9%	12.0%	9.9%	6.0%	4.1%
Equity ratio (c)	45.3%	60.8%	59.9%	55.4%	65.0%	67.4%	65.9%
Net gearing ratio (d)	31.5%	8.7%	15.3%	21.3%	4.8%	1.2%	9.6%
Net financial debt / EBITDA	1.2x	0.4x	0.6x	1.0x	0.2x	0.1x	0.6x

(a) Net profit / Average equity
(b) EBIT after effective tax rate / Net average capital employed
(c) Total equity / Total assets
(d) Net financial debt / Total equity

Cash flows

EUR '000	2016	2015	2014	2013	2012	2011	2010
Cash flows from operating activities (CFFO)	171,070	144,463	129,318	139,122	104,416	85,908	66,387
Cash flows from investing activities (CFFI)	-334,691	-52,028	-59,487	-210,837	-114,511	-17,896	-19,078
Free cash flow (FCF)	**-163,621**	**92,435**	**69,831**	**-71,715**	**-10,095**	**68,012**	**47,309**

Employees

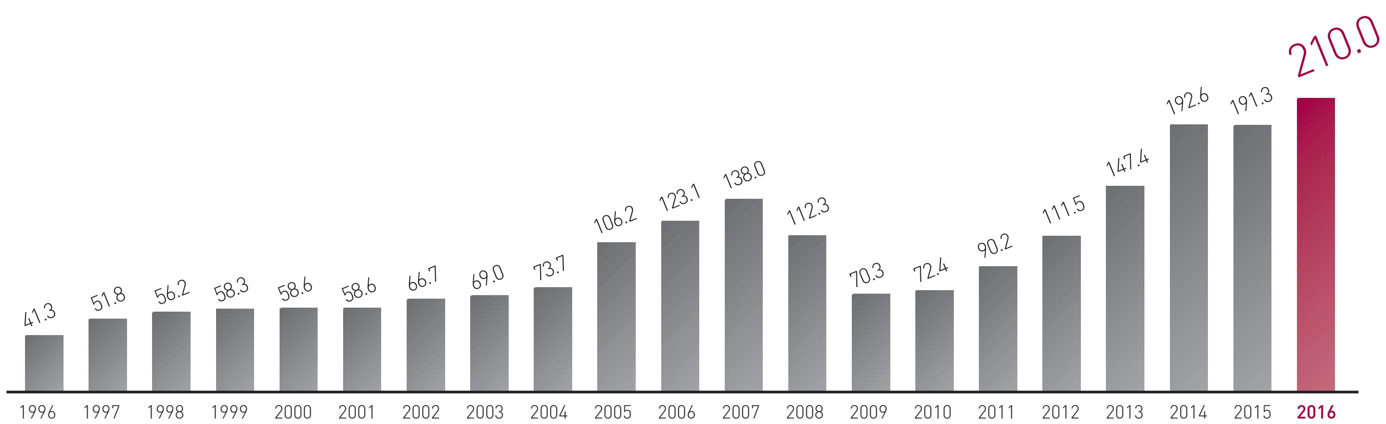
	2016	2015	2014	2013	2012	2011	2010
Number of employees (at 31 Dec.)	2,918	2,580	2,583	2,650	1,531	1,509	1,575
Number of employees in Denmark	722	722	690	701	690	698	764

Sales volumes

'000	2016	2015	2014	2013	2012	2011	2010
Grey and white cement (tonnes)	8,263	7,654	7,939	4,384	3,227	3.336	2,975
Ready-mixed concrete (m^3)	4,253	3,663	3,454	2,539	1,995	2,058	1,719
Aggregates (tonnes)	4,462	3,813	3,259	3,234	3,490	3,834	3,605

EBITDA performance

EURm



Management's review for 2016

Improved market conditions produced increased earnings in 2016

The Group's business units around the world encountered large differences in growth and sales opportunities. Progress was recorded in the Nordic region, Asia and Egypt, but revenue and earnings for the year were impacted by continuing difficult conditions in Turkey.

In 2016 overall earnings realised by the Aalborg Portland Holding Group lived up to expectations.

In the Nordic region the Group registered increased sales volumes in Denmark, Sweden and Norway. Sales of cement and ready-mixed concrete increased, but were still lower than previously, and macroeconomic growth remains modest. Exports of white cement from Aalborg to nearby markets and to USA increased over 2015.

During recent years the Aalborg Portland Holding Group has invested considerably in emerging markets, and revenue and earnings from these areas are contributing significantly to its earnings, and thereby also to the total earnings of the Cementir Group.

In autumn 2016 the Group acquired all the equity of the Belgian cement group Compagnie des Ciments Belges S.A. (CCB). The transaction has an enterprise value of EUR 312m on a cash and debt-free basis. CCB has a large cement plant in Gaurain with an annual capacity of 2.3m tonnes of grey cement, an extensive production of aggregates, comprising 4.8m tonnes of aggregates, mainly gravel and stone, supplied from two sites, and 10 plants for production of ready-mixed concrete with total sales of 800,000 m^3. The Belgian group has an annual revenue of approx. EUR 225m and 457 employees. The acquisition strengthens the Group's market position in Western Europe.

In 2016, growth was recorded in Malaysia and Egypt, and stable development was seen in China and USA. However, revenue and earnings in Turkey were negatively impacted by keen competition in the cement market, political uncertainty and the devaluation of the Turkish lira.

The Group realised total revenue of EUR 926m in 2016, against EUR 876m the previous year, corresponding to an increase of EUR 50m or 5.6%.

Operating profit before depreciation and amortisation (EBITDA) was EUR 210m, 9.9% higher than 2015 when EBITDA was EUR 191m. The Group's EBITDA ratio increased to 22.7% from 21.8% the previous year.

Earnings before tax were EUR 172m compared with EUR 123m in 2015, an advance of EUR 49m. This included an accounting foreign exchange gain of EUR 32.3m due to the devaluation of the Egyptian pound. The progress was also positively affected by recognition of the acquired activities in Belgium.

A strong balance sheet and improved cash flow from operations

A healthy economy and strong financial base provide opportunities for long-term value-adding investments. Constant focus on high operating efficiency and working capital management led to a positive operational cash flow (CFFO) of EUR 171m against EUR 145m in 2015, an increase of EUR 26m or 18%. The cash flow funded the year's investments of EUR 59m in improvements, energy savings and environmental projects.

The Group had a free cash flow of EUR 107m (excl. acquisition of CCB), which together with raising a loan, was used to acquire the shares in CCB. At year-end 2016, the net interest-bearing debt was EUR 242m (EUR 68m the year before), which at 1.2 x EBITDA is still low compared with the size of the company.

At year-end 2016, equity was EUR 769m and the equity ratio was 45%. Return on equity was 17%, while return on capital employed was 10%, the same level as the previous year.

Ongoing innovation

Innovation is a cornerstone of the Aalborg Portland Holding Group's strategy and business model, and in 2016 this innovation again led to notable results, including significant reduction in consumption of energy and natural resources.

Aalborg Portland conducts ongoing research into new cements which emit less CO_2 in manufacture. The Group wishes to continue and potentially strengthen these activities, but this is only possible in a climate where conditions are conducive to the necessary long-term investments.

A number of projects are currently in progress, including:

- Further development of the "Cement of the Future", with reduced CO_2 emission.
- Preparations for construction of the planned wind farm at the Aalborg cement plant with a view to predominantly using renewable energy.
- Further investments in Denmark to increase the use of alternative fuels to 60% through replacement of fossil fuels.

Danish cement technology leads the world due to productive cooperation between research and manufacture. To maintain this leadership position it is imperative that cement continues to be made in Denmark so that technology development and active production can take place side by side and in dialogue with customers.

Social responsibility

The Aalborg Portland Holding Group has a long tradition of socially and environmentally responsible behaviour in the countries in which it operates. The Group is committed to making a strong contribution to realising society's climate goals and therefore invests significantly in continued environmental improvements.

In 2016, as in previous years, the Group's company in Aalborg achieved a number of environmental goals through innovation and production management. By way of example, CO_2, SO_2 and NO_x emissions were further reduced, underlining the Group's environmental stance and leadership.

Furthermore, cement production in Aalborg takes place in symbiosis with city and society. For example, heat from production provides district heating for 23,500 households in Aalborg. And almost 600,000 tonnes of alternative raw materials and fuels from industries and households were utilised in cement production in resource-efficient partnerships, corresponding to an increase of 14% on 2015.

The Group's cement plant in Aalborg (Aalborg Portland A/S) publishes a detailed annual environmental report. Besides setting out policies and results achieved, the report describes the company's environmental, energy and health & safety management systems and its certifications. Aalborg Portland Holding's Statutory Report on Corporate Social Responsibility, cf. Section 99(a) of the Danish Financial Statements Act, can be found in "Sustainability Report 2016" from Cementir Holding, the owner of Aalborg Portland Holding A/S. The report is available at www.cementirholding.it.

Goals and policies for the underrepresented gender

In accordance with Danish regulations governing the gender composition of management in large companies, cf. Section 139(a) of the Danish Companies Act and Section 99(b) of the Danish Financial Statements Act, the Group's policy on gender equality is being extended to recruitment and promotion, the decisive consideration being to find the best qualified people for all company positions. Focus is placed on increasing the number of female managers to provide for a balanced gender composition. Furthermore, it has been aim of the Board of the Group's parent company to have at least one female AGM-elected member before the end of 2017. This target was achieved in 2015, and will be unchanged for the next three years.

Payments to authorities

In relation to disclosure of tax payments on a country-by-country basis for 2016 in accordance with Section 99(c) of the Danish Financial Statements Act, reference is made to note 8 in the consolidated financial statements.

Nordic & Baltic

The Nordic & Baltic region achieved an increase in revenue of 7%. This progress related to Denmark and the great majority of countries in the region. Significant growth was also registered within the export of white cement.

In Norway, building activity remained at a high level due to a large number of infrastructure projects, and sales and earnings increased. However, revenue and earnings were negatively impacted on translation into EUR due to the weakening of the Norwegian krone, corresponding to 4%.

The Danish government had planned to abolish the NO_x tax in 2016. However, in the budget agreed for

2016 the tax was not abolished entirely, but reduced from DKK 25 to DKK 5 per kg with effect from 1 July 2016. At the same time the basic allowance in the calculation of NO_x tax was removed. The reduction in tax was obviously a step in the right direction but the production of cement in Denmark is still burdened by an annual NO_x tax of approximately DKK 10-15m.

The PSO levy is another significant burden on the business community in Denmark. The Danish government's decision to phase out the PSO levy over a period of five years from 2017 to 2021 therefore has significant importance for the competitiveness of Danish production companies. These special Danish levies pose a considerable disadvantage in competition with other European companies not subject to these levies. A removal of these levies will enable long-term investments in new production facilities and employment in Denmark.

However, the CO_2 quota allocation after 2020, which is currently being negotiated in the EU, remains a significant element of uncertainty. As Aalborg Portland has considerable export activities outside EU it is extremely important that this is taken into consideration and in such a way that production and jobs can remain in Denmark.

Total earnings for the Nordic & Baltic region were satisfactory and higher than in 2015. Besides the external factors, the growth in income was also largely a consequence of the emphasis placed by management on operational excellence and on cost optimisation in the Group's business processes. Through consistent and structured processes, ongoing improvements in performance are being achieved throughout the organisation. Furthermore, the year was positively influenced by lower energy costs and progress in sales in the most important markets.

At the same time the Group continues to develop a robust competitiveness through employee training and by strengthening its results-oriented corporate culture. Efforts have also been concentrated on maintaining a strong market position, and on keeping constant focus on customer needs and product development by leveraging our business units' close customer relations. This focus is reflected in the vision which underlies the company's mission to supply high-quality cement, concrete and other building materials and to provide value to its customers through innovative and sustainable products and services: "We make it easy to build with ambition".

In 2016, close cooperation was extended with Quercia Ltd., the Group's company in UK. This cooperation relates particularly to a substantial supply of alternative fuels for cement production in Aalborg. This partnership will help achieve the Group's target of increasing its alternative fuel share to 60% and thereby further reducing consumption of fossil fuels.

The planned close coordination with the acquired Belgian company CCB is expected to provide extensive synergies in the Western European market within sales, logistics and production.

Belgium

Compagnie des Ciments Belges S.A. (CCB), situated in south-west Belgium, became part of the Aalborg Portland Holding Group from 25 October 2016.

The company has a large cement plant in Gaurain with an annual capacity of 2.3m tonnes of cement and is the largest cement plant in France and Benelux with considerable raw material reserves for 80 years' production. The company has a significant share of the Belgian market and significant exports to both France and the Netherlands.

CCB has also an extensive production of aggregates, comprising 4.8m tonnes of aggregates, mainly gravel and stone, supplied from two sites with considerable raw material reserves. Furthermore, CCB is one of the largest ready-mixed concrete manufacturers in Belgium with 10 production plants and total sales of 800,000 m^3.

The Belgian group has a full-year revenue of approx. EUR 225m and 457 employees. The acquisition strengthens the Aalborg Portland Holding Group's position in Western Europe and diversifies our physical presence.

Substantial efforts will be made during the coming year to ensure CCB's integration in the Aalborg Portland Holding Group's matrix organisation and IT platform.

Overseas

Through its white cement facilities in the Nordic and Overseas regions the Aalborg Portland Holding Group is the global leading supplier of white cement.

In 2016 the company in *Malaysia* further optimised its production after a factory expansion in autumn 2014 that almost doubled capacity. The increased capacity has consolidated the company's position as the largest producer and exporter of white cement in south-east Asia and Australia. Revenue and earnings increased in 2016 and continued positive development is expected in 2017. The plant in *China*, the largest white cement factory in Asia, recorded modest increase in revenue and earnings after several years of considerable growth.

The plant in *Egypt*, the world's largest white cement production unit, achieved lower revenue but higher earnings (EBITDA), a satisfactory performance considering the political instability in the country. A major investment in a new coal mill has contributed positively to the company's earnings in 2016. In early November the Egyptian central bank decided to let the currency float. This has resulted in a significant devaluation, and the Egyptian pound has fallen against EUR by an average of approx. 30% compared with 2015. With export income in USD and large USD bank deposits, the company has realised a significant foreign exchange gain as a result of the devaluation, with significant positive impact on financial items and thus also earnings before tax.

Turkey

One of the largest cement groups in Turkey, Cimentas, has four production plants, two strategically sited in western Turkey in Izmir and Edirne, and a further two factories in Kars and Elazig in the east of the country. Combined capacity in 2016 was 5.4m tonnes, and sales of grey cement and clinker amounted to 4.3m tonnes, the same level as in 2015. Revenue was negatively affected by the continuing political uncertainty and keen competition resulting from new cement production capacity.

As a result of falling sales prices and a weaker currency, both revenue and earnings in EUR were considerably lower than in 2015. The Turkish lira (TRY) devalued by 10% compared with 2015.

Besides cement production, Cimentas has 17 plants producing ready-mixed concrete, and volume sales in 2016 amounted to 1.9m m^3 compared with 1.5m m^3 in 2015. The company also has municipal and industrial waste management operations and renewable energy activities in UK and Turkey.

Expectations to 2017

The global economy is showing signs of improvement, but with major uncertainty and variances between markets. Furthermore, high volatility is expected in the foreign exchange market, and this may significantly influence the Group's revenue, earnings and equity. Increasing energy prices and freight rates will impact 2017 earnings compared with 2016.

In the *Nordic & Baltic* region, moderate growth in building and construction activity is expected in Denmark, which remains the Group's largest single market. The Danish market is positively impacted by a small number of large commercial and infrastructure projects, while activity levels in other segments remain low. Activities in Norway and Sweden are expected to grow based on a strong economy. Exports of white cement are expected to remain high and continue rising. Production efficiencies will be achieved in Aalborg through a major programme of investments, including a new calciner, which will increase capacity, operational reliability and use of alternative fuels.

In 2017, CCB in *Belgium* will be recognised on a full-year basis, resulting in increased revenue and earnings compared with 2016 when the company's activities are only consolidated from 25 October. Increasing activity is expected in the Belgian and French markets, and consequently a modest growth in revenue and earnings compared with 2016 calculated on an annual basis.

The *Overseas* business area as a whole is expected to show improved revenue and earnings. This particularly applies to the markets and plants in Asia. The sharp devaluation of the Egyptian pound may impact revenue and earnings, but due to export income in USD, rising domestic market prices and optimisation of production, satisfactory earnings are expected in 2017.

In *Turkey* the difficult market conditions are expected to continue, but modest growth in revenue is expected from both cement and ready-mixed concrete as well as improved earnings from waste management. However, there is a continued risk that possible devaluation of the Turkish lira may have a negative impact on the Group's earnings.

Despite continued low growth in a number of important markets, 2017 earnings (EBITDA) for the Aalborg Portland Holding Group as a whole are expected to be on par with 2016. To this must be added the effect of the full-year consolidation of CCB.

Financial review

Profit and loss

Group revenue in 2016 amounted to EUR 925.8m (2015: EUR 876.3m), an increase of 6%. This growth was primarily related to Nordic & Baltic activities, which increased by 7%, and to recognition of CCB, Belgium, from 25 October 2016 (EUR 38.7m), whereas revenue in both Overseas and Turkey decreased by 6%. Furthermore, revenue in EUR fell by EUR 49m compared with 2015 due to lower exchange rates on a number of currencies, including TRY, EGP, GBP, CNY and NOK.

Volume sales of cement were 8.3m tonnes or 8% above 2015. White cement sales accounted for 2.2m tonnes, a rise of 8%, which included positive double-digit growth in Malaysia and Denmark and lower, but positive development in Egypt and China. Sales of grey cement amounted to 6.1m tonnes, up 8% on the year before. Sales of cement in Turkey were on a level with 2015, whereas sales in Denmark increased by 10%, and CCB in Belgium contributed from 25 October 2016.

Volume sales of ready-mixed concrete were 4.3m m^3, which was 16% above the year before. Growth was seen in Norway, Sweden and Turkey, while sales in Denmark were at the level of 2015. Sales of aggregates (granite and gravel) were 4.5m tonnes, 17% up on the previous year. The increase was mainly due to the inclusion of CCB.

Operating profit before depreciation and amortisation (EBITDA) increased by EUR 18.7m or 10% to EUR 210.0m (EUR 191.3m). Performance was negatively impacted by lower earnings in Turkey, whereas the Nordic & Baltic and Overseas regions reported higher earnings than the year before. To this must be added the recognition of CCB from 25 October, which positively impacted 2016 earnings by EUR 8.8m. 2016 EBITDA further includes one-off income of EUR 15.1m. 2015 EBITDA included one-off income of EUR 15.4m.

Operating ratio (EBITDA ratio) increased by 0.9 percentage points from 21.8% in 2015 to 22.7% in 2016. In this increase, higher earnings in Nordic & Baltic and Overseas and recognition of CCB were partly offset by lower earnings in Turkey.

As with revenue, EBITDA was impacted by the development in foreign exchange rates compared with 2015, being reduced by EUR 9m.

Earnings before interest and tax (EBIT) increased by EUR 21.6m or 18% to EUR 138.2m (EUR 116.6m). This improvement mainly related to the same factors as described above (EBITDA). Furthermore, EBIT was negatively affected by a write-down of assets in Cimentas, Turkey, of EUR 7.4m (EUR 10.1m in 2015).

Financial items include a foreign exchange gain of EUR 32.3m due to the devaluation of the Egyptian pound. Other financial items amounted to a net expense of EUR 1.0m compared with EUR 1.2m (income) the year before.

Earnings before tax were hereafter EUR 171.8m compared with EUR 123.2m in 2015, an increase of EUR 48.6m. Besides the mentioned foreign exchange gain the progress is positively affected by the acquisition of CCB.

Tax on profit for the year amounted to EUR 43.0m (EUR 25.3m), net profit for the year being EUR 128.8m against EUR 97.9m in 2015.

Cash flows

The Group is continuously focused on optimising both cash flows and working capital.

Cash flow from operating activities (CFFO) was EUR 171.1m for 2016 (EUR 144.5m), an increase of EUR 26.6m or 18%. The improvement was due to both higher earnings and lower working capital.

The Group's capital expenditure on property, plant and equipment of EUR 58.6m was spent on improvements to operating efficiency and on energy-saving and environmental projects.

The free cash flow after investments (FCF) of EUR 107.0m (excl. the acquisition of CCB) was primarily used at the acquisition of CCB.

Debt and financial resources

Net interest-bearing debt (NIBD) amounted to EUR 242.0m at 31 December 2016, corresponding to 1.2 x EBITDA, against EUR 68.1m and 0.4 x EBITDA the year before. The increase of debt mainly related to the acquisition of CCB

The financial resources at end-2016 consisted partly of a loan of EUR 330m from the Group's parent company Cementir Holding and partly long-term mortgage loans of EUR 117m.

Balance sheet

Non-current assets amounted to EUR 1,153.9m at 31 December 2016, 28% higher than at the same time the year before (EUR 902.1m). The increase was primarily related to the acquisition of CCB, but was also affected by lower exchange rates in a number of currencies.

Current assets amounted to EUR 542.9m, 42% above the year before (EUR 381.5m). The increase primarily related to higher inventories and receivables due to the acquisition of CCB. Cash funds increased by EUR 81.4m, which included cash funds in CCB amounting to EUR 58.7m.

Shareholders' equity

Group shareholders' equity amounted to EUR 769.3m at the end of 2016 against EUR 781.0m the year before. The amount was influenced by the positive profit for the year and significantly affected by negative exchange rate adjustments of EUR 144.6m in foreign entities. These adjustments mainly related to weakening of the Turkish lira (TRY) and the Egyptian pound (EGP) amounting to EUR 64.1m and EUR 71.0m, respectively. Equity ratio was 45% at the end of 2016 (61% at the end of 2015). Return on equity increased in 2016 to 17% from 13% the year before.

Working capital

The Group's working capital, i.e. the capital tied up in debtors and inventories less creditors, was further reduced through focused control and reporting for each business unit in relation to agreed goals. Keeping down working capital saves on interest expenses and frees up resources for investment etc. Furthermore, a low level of working capital contributes to an improved return on capital employed (ROCE).

Working capital amounted to EUR 83.2m against EUR 83.7m the year before. Working capital related to CCB (EUR 32.2m) is included, whereas a significant reduction is seen in the remaining Group companies.

Return on capital employed (ROCE)

In 2016, as in previous years, intensive efforts were made to increase the Group's capital efficiency. The Group's ability to generate a satisfactory profit is measured by its return on capital employed (ROCE). ROCE was 10% in 2016, the same level as in 2015. ROCE was positively affected by increased earnings in Nordic & Baltic and Overseas and negatively affected by lower earnings in Turkey and by the acquisition of CCB.

Balance sheet

Non-current assets amounted to EUR 1,153.9m at 31 December 2016, 28% higher than at the same time the year before (EUR 902.1m). The increase was primarily related to the acquisition of CCB, but was also affected by lower exchange rates in a number of currencies.

Current assets amounted to EUR 542.9m, 42% above the year before (EUR 381.5m). The increase primarily related to higher inventories and receivables due to the acquisition of CCB. Cash funds increased by EUR 81.4m, which included cash funds in CCB amounting to EUR 58.7m.

Shareholders' equity

Group shareholders' equity amounted to EUR 769.3m at the end of 2016 against EUR 781.0m the year before. The amount was influenced by the positive profit for the year and significantly affected by negative exchange rate adjustments of EUR 144.6m in foreign entities. These adjustments mainly related to weakening of the Turkish lira (TRY) and the Egyptian pound (EGP) amounting to EUR 64.1m and EUR 71.0m, respectively. Equity ratio was 45% at the end of 2016 (61% at the end of 2015). Return on equity increased in 2016 to 17% from 13% the year before.

Working capital

The Group's working capital, i.e. the capital tied up in debtors and inventories less creditors, was further reduced through focused control and reporting for each business unit in relation to agreed goals. Keeping down working capital saves on interest expenses and frees up resources for investment etc. Furthermore, a low level of working capital contributes to an improved return on capital employed (ROCE).

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Risk Management

Like any other company, the Aalborg Portland Holding Group is affected by risks and uncertainties relating to its business activities and continuously focuses on strengthening risk management. The Group employs a holistic risk management process in which the most critical risks are:

- Market conditions
- Framework conditions
- Environmental impacts
- Organisation
- Financial risks

The Group continuously monitors and addresses both risks and opportunities in its market areas with a view to achieving strategic objectives.

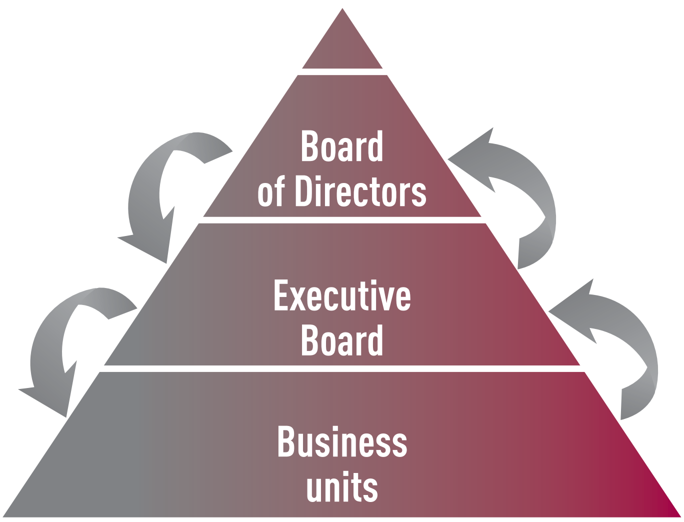
Monitoring and control

The Group's risk management is based on a standardised risk process. The assessment of the individual risk factors is based on the likelihood of the risks occurring and their potential impact on earnings, operations and reputation in this event. The risk management process is anchored in the managements of the each business unit. The business units together with the corporate and service functions are responsible for identifying, analysing and managing risks and for reporting on progress and initiating control measures. Risk owners are appointed specifically for the most significant risks.

The individual unit managements are responsible for integration of risk assessments in all major decisions. The individual risk reports received from the business units are consolidated at Group level. The combined risk report is included in Group management's monitoring and control processes. Group management is responsible for ensuring that the overall risk to the Group as a whole is of an acceptable level and that risk management procedures are implemented.

Group management reports periodically or as needed to the Board of Directors, which determines the overall policies and framework for the day-to-day control process.

Risk Reporting



Market conditions

Competition

Loss of major customers and projects may pose a significant risk in relation to the achievement of the Group's objectives. The Group continuously monitors its markets and takes ongoing actions to adapt to and respond to the competitive conditions and market changes.

Raw materials and energy prices

The Group uses large quantities of energy in cement manufacture and is therefore sensitive to price changes particularly of long duration. In order to mitigate this risk the procurement of energy is partly hedged by establishing contracts for terms up to 24 months.

Access to essential raw materials is ensured through ownership of deposits, extraction licences, long-term contracts and diversity in terms of suppliers. Furthermore, the markets for those raw materials which are considered production-critical are carefully monitored. A small number of raw materials are subject to particular uncertainty as regards long-term security of supply, and the Group works proactively to find appropriate solutions to this issue.

Framework conditions

Legislation and other regulations

The Group is continuously exposed to regulatory changes by authorities and organisations in a variety of areas. Non-compliance with recommendations and regulations is often subject to substantial fines and constitutes a potential risk to overall Group earnings. The Group works continuously and purposefully to conform with all aspects of legislation and other regulations relating to competition, environment and fraud. The Group trains relevant personnel on an ongoing basis in compliance with current requirements.

Political risks

The Group operates globally, including in emerging and growth markets with special political risks. This may have material consequences both for production conditions and sales. The Group actively pursues dialogue at all levels with politicians, authorities and interest groups to create a good basis for continued working and to enable the Group's operations to be adjusted when appropriate.

Taxes and levies

The Group's production is substantially subject to direct and indirect taxation, particularly in Denmark. Taxes and levies represent a material area of risk for the Group as they impact directly on competitiveness and therefore on sales potential. It is difficult to compete on price particularly with cement producers from neighbouring countries that do not have high tax and levy levels as in Denmark.

CO_2 quotas

The future granting of CO_2 quotas to the Group's production units can have substantial financial impact. Ongoing focus is therefore placed by the Group on complying with all requirements relating to the granting of such quotas. The Group also closely monitors EU and national political issues concerning CO_2 quotas, particularly with regard to the Group's expected development in the EU area.

Environmental impacts

The Group's business units and managements are very conscious of the company's environmental role and they recognise, manage and counter relevant risks in this regard. The manufacture of the Group's products consumes raw materials and energy, but the environmental and climate properties of these products are extremely beneficial. The Group has a declared aim of contributing constructively and significantly to achievement of society's climate goals. Through its product development and production the Group therefore constantly endeavours to ensure more environment-friendly and sustainable cement manufacture.

Organisation

Employees and management

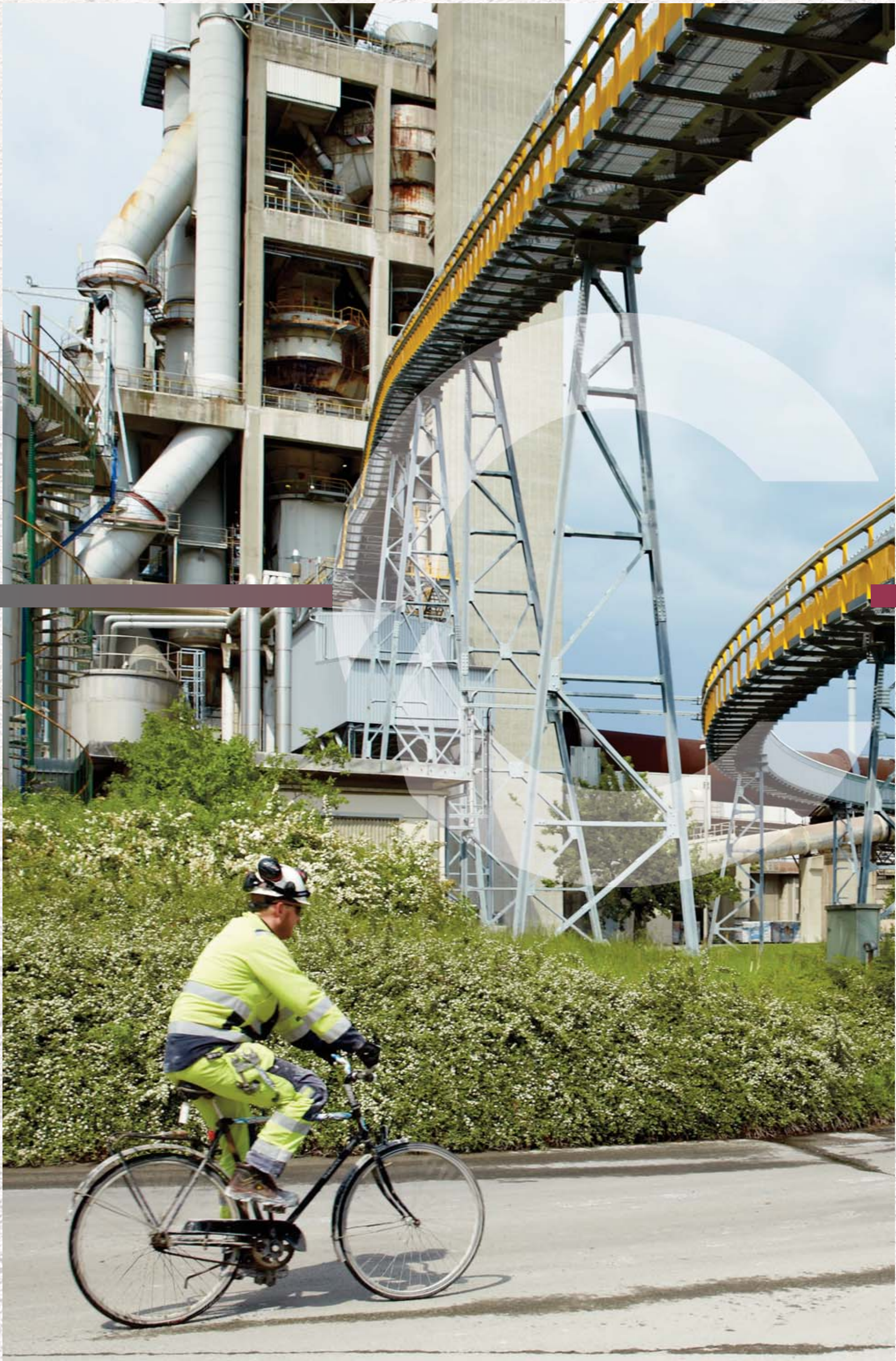
The Group's continued success is dependent on the retention of experienced employees and managers and on the recruitment of new, talented employees and managers to the Group's business units and support functions. Accordingly, the Group places importance on providing attractive workplaces with good development opportunities for employees and managers.

IT systems

IT systems are used in all areas of the Group's operations, including production, sales and finance. Operational disruptions and loss of data and communications would impact the Group negatively. Consequently, IT security and business continuity are accorded high priority, especially in connection with implementation of new systems.

Financial risks

Financial risks, including currency risks, which are of material significance for the Group, are described in the notes to the financial statements.



2 FINANCIAL STATEMENTS (GROUP)

Income statement

EUR '000

	Notes	2016	2015
Revenue	1	925,806	876,309
Cost of sales	2+3+4	573,361	548,155
Gross profit		**352,445**	**328,154**
Sales and distribution costs	4	148,884	150,454
Administrative expenses	4+5	80,036	71,673
Other operating income	6	23,886	21,721
Other operating costs	6	9,242	11,138
Earnings before interest and tax (EBIT)		**138,169**	**116,610**
Share of profit after tax, joint ventures	14	5,127	5,065
Financial income	7	49,397	19,427
Financial expenses	7	20,862	17,906
Earnings before tax (EBT)		**171,831**	**123,196**
Income tax	8	42,988	25,298
Profit for the year		**128,843**	**97,898**
Attributable to: Non-controlling interests		13,524	6,131
Shareholders in Aalborg Portland Holding A/S		115,319	91,767

Statement of comprehensive income

EUR '000

	Notes	2016	2015
Profit for the year		**128,843**	**97,898**
Other comprehensive income			
Items that cannot be reclassified to the income statement:			
Actuarial gains/losses on defined benefit pension schemes	18	1,015	-719
Tax	8	-245	386
		770	**-333**
Items that can be reclassified to the income statement:			
Exchange rate adjustments on translation of foreign entities		-144,556	-46,882
Other comprehensive income after tax		**-143,786**	**-47,215**
Total comprehensive income		**-14,943**	**50,683**
Attributable to: Non-controlling interests		-28,185	-6,100
Shareholders in Aalborg Portland Holding A/S		13,242	56,783
		-14,943	**50,683**

Cash flow statement

EUR '000

	Notes	2016	2015
Profit/loss for the period		**128,843**	**97,898**
Reversal of amortisation and depreciation		60,951	61,439
Reversal of bargain purchase price		-15,078	0
Reversal of revaluation/impairment losses		7,537	-4,457
Share of net profits of equity-accounted investees		-5,126	-5,065
Net financial income/expense		-28,535	-1,536
Gains/losses on disposals		-2,060	-1,913
Income taxes		42,988	25,298
Change in employee benefits		-876	-110
Change in provisions (current and non-current)		2,306	1,257
Operating cash flows before changes in working capital		**190,950**	**172,811**
Increase/decrease in inventories		-5,042	217
Increase/decrease in trade receivables		-6,100	-4,563
Increase/decrease in trade payables		32,823	11,096
Change in non-current/current other assets/liabilities		-3,809	-2,108
Change in current and deferred taxes		-6,529	-3,154
Operating cash flows		**202,293**	**174,299**
Dividends collected		6,359	3,280
Interests collected		2,626	1,992
Interests paid		-3,936	-3,158
Other income collected/expenses paid		-5,067	-1,030
Income taxes paid		-31,205	-30,920
Cash flow from operating activities		**171,070**	**144,463**
Investments in intangible assets		-789	-1,283
Investments in property, plant and equipment and investment property		-59,502	-54,543
Investments in equity investments and other non-current securities		-279,547	0
Proceeds from sale of intangible assets		53	0
Proceeds from sale of property, plant and equipment		1,687	4,174
Change in non-current financial assets		494	53
Change in current financial assets		2,913	-429
Cash flow from investing activities		**-334,691**	**-52,028**
Change in non-current financial liabilities		267,488	-14,743
Change in current financial liabilities		-18,843	-42,237
Dividend distributed		-1,279	-1,631
Cash flow from financing activities		**247,366**	**-58,611**
Cash and cash equivalent exchange rate effect		-2,391	3,819
Net change in cash and cash equivalent		83,745	33,824
Cash and cash equivalent opening balance		126,935	89,292
Cash and cash equivalent closing balance		**208,289**	**126,935**

Balance sheet

EUR '000

	Notes	2016	2015
ASSETS			
Goodwill		151,117	169,514
Other intangible assets		63,340	29,290
Intangible assets in development		678	676
Intangible assets	**9**	**215,135**	**199,480**
Land and buildings		393,385	183,326
Plant and machinery		387,573	361,086
Property, plant and equipment in development		42,999	25,505
Property, plant and equipment	**11**	**823,957**	**569,917**
Investment property	**12**	**69,698**	**87,020**
Investments in joint ventures	12+13	22,893	23,430
Other non-current assets	12	11,507	11,584
Deferred tax assets	13+15	10,749	10,677
Other non-current assets		**45,149**	**45,691**
Total non-current assets		**1,153,939**	**902,108**
Inventories	**16**	**122,067**	**107,848**
Trade receivables	17	169,597	118,491
Amounts owed by Group enterprises		0	4,158
Amounts owed by joint ventures		7,164	3,589
Derivative financial instruments (positive fair value)		0	889
Income tax receivable		2,901	194
Other receivables	17	23,375	10,014
Prepayments	17	9,547	9,367
Receivables		**212,584**	**146,702**
Cash and cash equivalents		**208,289**	**126,935**
Total current assets		**542,940**	**381,485**
TOTAL ASSETS		**1,696,879**	**1,283,593**

Balance sheet

EUR '000

	Notes	2016	2015
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		40,333	40,333
Foreign currency translation reserve		-176,131	-73,409
Retained earnings		803,196	687,253
Aalborg Portland Holding A/S's share of shareholders' equity		**667,398**	**654,177**
Non-controlling interests' share of shareholders' equity		**101,864**	**126,819**
Total shareholders' equity		**769,262**	**780,996**
Liabilities			
Pension and similar liabilities	18	33,621	14,266
Deferred tax liabilities	15	139,466	61,507
Provisions	19	18,500	15,560
Credit institutions etc.	20+23	108,679	168,438
Amounts owed to Group enterprises	20	327,003	0
Other payables	22	1,718	1,864
Deferred income	21	5,785	6,756
Non-current liabilities		**634,772**	**268,391**
Credit institutions	20+23	15,320	31,748
Trade payables		200,575	135,118
Amounts owed to Group enterprises		10,677	12,286
Amounts owed to joint ventures		1,201	4
Derivative financial instruments (negative fair value)		137	645
Income tax payable		15,492	8,234
Provisions	19	3,484	3,384
Other payables	22	44,982	41,799
Deferred income	21	977	988
Current liabilities		**292,845**	**234,206**
Total liabilities		**927,617**	**502,597**
TOTAL EQUITY AND LIABILITIES		**1,696,879**	**1,283,593**

Statement of shareholders' equity

EUR '000	Share capital	Foreign currency translation reserve	Retained earnings	Aalborg Portland Holding's total share	Non-controlling interests' share	Total equity
Shareholders' equity at 1 January 2016	40,333	-73,409	687,253	654,177	126,819	780,996
Comprehensive income in 2016						
Profit for the year			115,319	115,319	13,524	128,843
Other comprehensive income						
Exchange rate adjustments on translation of foreign entities		-102,722		-102,722	-41,834	-144,556
Actuarial gains/losses on defined benefit pension schemes			853	853	162	1,015
Tax on other comprehensive income			-208	-208	-37	-245
Total comprehensive income	**0**	**-102,722**	**115,964**	**13,242**	**-28,185**	**-14,943**
Transactions with owners						
Dividend distributed			-9	-9	-1,387	-1,396
Reversal of dividend in subsidiary					4,869	4,869
Acquisition of equity investments from non-controlling interests			-12	-12	-252	-264
	0	**0**	**-21**	**-21**	**3,230**	**3,209**
Shareholders' equity at 31 December 2016	**40,333**	**-176,131**	**803,196**	**667,398**	**101,864**	**769,262**

Statement of shareholders' equity

EUR '000	Share capital	Foreign currency translation reserve	Retained earnings	Aalborg Portland Holding's total share	Non-controlling interests' share	Total equity
Shareholders' equity at 1 January 2015	40,333	-29,083	581,131	592,381	174,994	767,375
Comprehensive income in 2015						
Profit for the year			91,767	91,767	6,131	97,898
Other comprehensive income						
Exchange rate adjustments on translation of foreign entities		-34,649		-34,649	-12,233	-46,882
Actuarial gains/losses on defined benefit pension schemes			-573	-573	-146	-719
Tax on other comprehensive income			238	238	148	386
Total comprehensive income	**0**	**-34,649**	**91,432**	**56,783**	**-6,100**	**50,683**
Transactions with owners						
Dividend distributed					-1,635	-1,635
Acquisition of equity investments from non-controlling interests		-9,677	4,614	-5,063	-40,440	-45,503
Transferred goodwill on intra-group acquisition of in Cimentas			10,076	10,076		10,076
	0	**-9,677**	**14,690**	**5,013**	**-42,075**	**-37,062**
Shareholders' equity at 31 December 2015	**40,333**	**-73,409**	**687,253**	**654,177**	**126,819**	**780,996**

The share capital in 2016 and 2015 consists of:

1 share at DKK 150m

1 share at DKK 60m

2 shares at DKK 30m each

1 share at DKK 15m

5 shares at DKK 3m each

Dividends distributed to shareholders in 2016 were EUR 0.0m (2015: EUR 0.0m).

All shares are fully issued and paid up. One share of DKK 1,000 holds one vote.

Notes

EUR '000

1. Revenue

	2016	2015
Sale of cement	471,048	452,976
Sale of ready-mixed concrete	371,693	334,867
Other sales *	83,065	88,466
	925,806	**876,309**

* Other sales include concrete pipes, gravel, heat, waste processing, etc.

2. Cost of sales

Cost of sales amounts to EUR 562.7m (2015: EUR 548.2m). Hereof direct staff costs amount to EUR 67.4m (2015: EUR 64.3m) and use of raw materials amounts to EUR 124.3m (2015: EUR 119.4m).

3. Research and development costs

	2016	2015
Research and development costs charged to the income statement:		
Research and development costs paid	2,680	2,237
Amortisation of capitalised development costs	2	2
	2,682	**2,239**

4. Staff costs

	2016	2015
Wages and salaries and other remuneration	108,843	103,367
Pension costs, defined benefit schemes	872	1,148
Pension costs, defined contribution schemes	7,591	7,852
Social security costs	8,200	6,469
	125,506	**118,836**
Number of employees at 31 December	2,918	2,580
Average number of full-time employees	2,991	2,605
Hereof 110 employees at 31 December and 110 average full-time employees are included in the pro rata consolidated company.		
Remuneration of the Board of Directors, the Management and other senior executives		
Salaries and remunerations	7,005	6,582
Pension contributions	101	98
	7,106	**6,680**
Hereof Board of Directors and Management	542	1,133

Remuneration of the Board of Directors represents EUR 75k in 2016 (2015: EUR 116k).

EUR '000

5. Fees to the auditors appointed by the Annual General Meeting

	2016	2015
Total fees to KPMG are specified as follows:		
Statutory audit	624	584
Other assurance engagements	23	13
Tax and VAT advisory services	87	81
Other services	95	75
	829	**753**
Fees to other auditors	48	17

6. Other operating income and other operating costs

	2016	2015
Other operating income		
Rent income	1,090	1,222
Profit on sale of property, plant and equipment	1,150	1,931
Value adjustment, investment property	0	15,373
Sale of scrap, spare parts and consumables	195	589
Bargain purchase price	15,078	0
Gain from sale of investment property	938	0
Other income	5,435	2,606
	23,886	**21,721**
Other operating costs		
Loss on sale of property, plant and equipment	28	14
Impairment	7,422	10,083
Other costs	1,792	1,041
	9,242	**11,138**

7. Financial income and expenses

	2016	2015
Financial income		
Interest, cash funds etc.	2,388	2,104
Interest, Group enterprises	26	259
Exchange rate adjustments	46,983	17,064
	49,397	**19,427**
Interest on financial assets measured at amortised cost	2,414	2,363
Financial expenses		
Interest, credit institutions etc.	3,725	5,043
Exchange rate adjustments	17,137	12,863
	20,862	**17,906**
Interest on financial obligations measured at amortised cost	3,725	5,043

EUR '000

8. Income tax

	2016	2015
Income tax		
Current tax on the profit for the year/joint taxation contribution	35,695	30,930
Deferred tax adjustment	8,285	-5,278
Other adjustments, including previous years	-992	-354
	42,988	**25,298**
Taxes paid	**31,205**	**30,920**

According to legislation, the Parent Company is the administrative company of the compulsory Danish joint taxation.

	2016	2015
Reconciliation of tax rate		
Tax according to Danish tax rate 22.0% (2015: 23.5%)	37,803	28,951
Difference in the tax rates applied by non-Danish subsidiaries relative to 22.0% (2015: 23.5%)	2,210	-152
Non-taxable income and non-deductible expenses	-2,863	923
Non-taxable profit shares in joint ventures	-48	-84
Recognised tax assets (not previously recognised)	0	-99
Expired tax loss regarding this and previous years	4,863	240
Effect of investment properties and acquisition of land	0	-2,306
Other, including adjustments previous years	1,210	-562
Change of tax rates	-187	-1,613
	42,988	**25,298**
Applicable tax rate for the year	**25%**	**21%**
Income tax recognised directly as other comprehensive income		
Actuarial gains and losses	245	-386
	245	**-386**
Total income tax	**43,233**	**24,912**

Payments to authorities

In accordance with Danish regulations governing payments to authorities in large companies, cf. Section 99(c) of the Danish Financial Statements Act, the Aalborg Portland Holding Group has made the following payments to athorities in 2016:

EURm	Quarry*	Taxes**	Royalty	Licenses	Total
Aalborg Portland A/S, Denmark	0.8	20.8	0.0	0.0	21.6
Cimentas AS, Turkey	0.4	7.3	0.6	0.2	8.5
Sinai White Portland Cement Co. S.A.E., Egypt	0.0	2.2	0.0	0.0	2.2
Aalborg Portland Malaysia Sdn. Bhd., Malaysia	0.2	0.6	0.0	0.0	0.8
Aalborg Portland (Anqing) Co. Ltd., China	0.2	2.7	0.0	0.0	2.9
	1.6	**33.6**	**0.6**	**0.2**	**36.0**

* Quarry includes payments in relation to use af minerals in the cements production
** Taxes include direct and indirect taxes on the Company's income, manufacturing or profit apart from direct and indirect taxes on consumption.

Taxes include payments during 2016, however, it included over/under payments from previous years.
The table above does not cover the full tax payment of the Aalborg Portland Holding Group, as this is purely provided in accordance with Section 99(c) of the Danish Financial Statements Act covering the cement production companies which is in scope in the specific reporting.

EUR '000

9. Intangible assets

	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2016	169,514	64,146	676	234,336
Exchange rate adjustments	-18,397	-3,615	0	-22,012
Additions from acquisition of shares in CCB	0	39,147	0	39,147
Additions	0	323	467	790
Disposals	0	-91	0	-91
Other adjustments/reclassifications	0	465	-465	0
Cost at 31 December 2016	**151,117**	**100,375**	**678**	**252,170**
Amortisation and impairment at 1 January 2016	0	34,856	0	34,856
Exchange rate adjustments	0	-1,714	0	-1,714
Reversed amortisation on disposals	0	-38	0	-38
Amortisation for the year	0	3,931	0	3,931
Amortisation and impairment at 31 December 2016	**0**	**37,035**	**0**	**37,035**
Carrying amount at 31 December 2016	**151,117**	**63,340**	**678**	**215,135**
Cost at 1 January 2015	174,885	63,307	708	238,900
Exchange rate adjustments	-15,450	-426	-13	-15,889
Additions from acquisition of shares in Cimentas	10,079	0	0	10,079
Additions	0	510	736	1,246
Other adjustments/reclassifications	0	755	-755	0
Cost at 31 December 2015	**169,514**	**64,146**	**676**	**234,336**
Amortisation and impairment at 1 January 2015	0	24,957	0	24,957
Exchange rate adjustments	0	-227	0	-227
Amortisation for the year	0	4,131	0	4,131
Impairment	0	5,995	0	5,995
Amortisation and impairment at 31 December 2015	**0**	**34,856**	**0**	**34,856**
Carrying amount at 31 December 2015	**169,514**	**29,290**	**676**	**199,480**

Amortisation during the year is included in the following items:	2016	2015
Cost of sales	430	1,432
Sales and distribution costs	17	6
Administrative expenses	3,484	2,693
	3,931	**4,131**

Other intangible assets

Other intangible assets include software licenses (SAP R/3), quarry rights, CO_2 quotas, development projects and licenses for removal of waste, trademarks and customer lists (acquired in 2016 EUR 34.3m). All items under other intangible assets have definite useful lives.

Goodwill is not amortised as it has indefinite useful lives.

Internally generated intangible assets, mainly regarding SAP implementation, amount to EUR 2.1m (2015: EUR 2.3m).

Other intangible assets include a waste management agreement signed in 2011 (for a term of 25 years) with the municipal company of Istanbul (Turkey), with an original consideration of TRY 12.1m (equal to EUR 5.2m at the acquisition date). This was impaired during 2015 (reference is made to note 11).

EUR '000

9. Intangible assets (continued)

Goodwill

Besides goodwill there are no intangible assets with indefinite useful lives. At 31 December 2016 (31 December 2015), Nordic & Baltic, Turkey and Overseas account for EUR 41.5m (EUR 39.9m), EUR 104.3m (EUR 121.8m) and EUR 5.3m (EUR 7.8m) of the consolidated goodwill.

Aalborg Portland Holding Group performed impairment test on the carrying amount of goodwill at 31 December 2016 based on value in use as in previous years. Impairment tests are performed in the 4th quarter each year, based on the budgets and business plans approved by the Board of Directors.

The impairment test for cash-generating units compares the recoverable amount, equivalent to the present value of expected future free cash flow, with the carrying amount of the individual cash-generating units.

Expected future free cash flow is based on budgets and business plans for the period 2017-2019 and projections for subsequent years. Key parameters include production capacity (based on current capacity), trend in revenue, EBIT margin and growth expectations for the years after 2019.

Budgets and business plans for the period 2017-2019 are based on concrete future business measures, assessing risks in the key parameters and incorporating these in expected future free cash flows. Projections after 2018 are based on general expectations. The value for the period after 2019 takes into account the general growth expectations for the cement and ready-mix industry.

Growth rates are not expected to exceed the average long-term growth rate for the Group's individual geographical segments.

The discount rates applied in calculating the recoverable amounts are after tax, and reflect the risk-free interest plus specific risks in the individual geographic segments. The discount rate of Egypt and Turkey is 12-14% due to the high risk-free interest caused by the political situation in the countries.

The key assumptions from the impairment tests of goodwill are as follows:

2016	Discount rates after tax	Growth rates	Average increase of revenue 2017 to terminal period	Average EBITDA ratio 2017 to terminal period
Nordc & Baltic	4-5%	1%	1-4%	2-14%
USA, UK, China and Malaysia	6-9%	2-3%	3-5%	-2%-4%
Egypt and Turkey	12-14%	2-4%	9-12%	21-28%

2015	Discount rates after tax	Growth rates	Average increase of revenue 2016 to terminal period	Average EBITDA ratio 2016 to terminal period
Nordc & Baltic	5%	1%	1-5%	9%
USA, UK, China and Malaysia	6-8%	2-3%	2-5%	8-23%
Egypt and Turkey	11-13%	2-5%	9-18%	22-25%

The average increases in revenue and average EBITDA ratio, as stated above, are in general in line with the realised increase in revenue and average EBITDA ratio in 2016.

The impairment tests are in addition to this based on the prospects for the future mentioned in the mangement's review, page 4, which includes comments on the development in 2016.

Discount rates before tax are slightly higher than discount rates after tax.

Based on the impairment tests performed at 31 December 2016, no reasons were found for impairment of goodwill and other CGU assets. The impairment tests are still indicating significantly headroom and impairment will not be required due to considerably higher discount rates.

10. Acquisiton of enterprises

On 25 October 2016, the Group completed the acquisition of 100% of the share capital of Compagnie des Ciments Belges S.A. (CCB) from Ciments Français S.A.S., a company controlled by HeidelbergCement. The CCB group is one of the main manufacturers of building materials in Belgium, operating in the cement, aggregates and readymixed concrete market.
The transaction had an enterprise value of EUR 312m on a cash and debt-free basis.
The purchase price shall be subject to the price adjustments mechanism in accordance with the terms of the acquisition agreement.
The CCB group contributed to the Group revenue by EUR 38.7m and impacted EBITDA positively by EUR 8.8m in the period 25 October 2016 to 31 December 2016.
At the date of preparation of these consolidated financial statements the Purchase Price Allocation at the fair value of acquired assets, liabilities and contingent liabilities assumed is in progress and it will be completed within one year from the acquisition date.
The fair value of the net assets acquired measured on a provisional basis at the date of acquisition are as follows:

	Fair value provisional
Intangible assets finite usefull life	39,147
Property, plant and equipment	331,208
Investment with the equity method	106
Non-current financial assets	375
Deferred tax assets	20
Inventories	26,225
Trade receivables *	48,616
Current tax receivables	2,260
Other current assets	13,566
Employee benefit	-22,073
Other non-current provision	-1,732
Deferred tax liabilities	-78,647
Trade payables	-39,202
Current financial liabilities	-342
Current tax payables	-9,973
Other current liabilities	-8,044
Net assets acquired	**301,510**
Consideration net of available cash	**286,432**
Effect of bargain purchase gain (note 6)	**15,078**

* Write-down of nominal value of trade receivables is EUR 2,780k.

The bargain purchase gain arising from the acquisition, amounting to EUR 15,078k, has been recognised under Other operating income (note 6).
The bargain purchase gain arises as the net assets of the CCB group exceeding the purchase price based on the preliminary purchase price allocation.
If new information obtained within one year of the date of acquisition about fact and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, for any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

EUR '000

11. Property, plant and equipment

	Land and buildings	Plant and machinery	Property, plant, and equipment in development	Total
Cost at 1 January 2016	390,789	1,116,034	25,505	1,532,328
Exchange rate adjustments	-36,272	-96,320	-3,275	-135,867
Additions from acquisition of shares in CCB	231,836	84,348	15,024	331,208
Additions	4,893	19,249	35,737	59,879
Disposals	-2,827	-9,499	-354	-12,680
Reclassifications	5,769	23,654	-29,423	0
Cost at 31 December 2016	**594,188**	**1,137,466**	**43,214**	**1,774,868**
Depreciation and impairment at 1 January 2016	207,463	754,948	0	962,411
Exchange rate adjustments	-12,857	-50,888	-23	-63,768
Reversed depreciation on disposals	-2,836	-9,322	0	-12,158
Depreciation for the year	9,508	47,496	0	57,004
Impairment	0	7,422	0	7,422
Other adjustments/reclassifications	-475	237	238	0
Depreciation and impairment at 31 December 2016	**200,803**	**749,893**	**215**	**950,911**
Carrying amount at 31 December 2016	**393,385**	**387,573**	**42,999**	**823,957**
Hereof assets held under a finance lease	**401**	**3,067**	**0**	**3,468**
Cost at 1 January 2015	398,921	1,108,517	24,500	1,531,938
Exchange rate adjustments	-5,658	-36,574	-1,266	-43,498
Additions	1,960	17,891	33,721	53,572
Disposals	-1,939	-7,745	0	-9,684
Reclassifications	-2,495	33,945	-31,450	0
Cost at 31 December 2015	**390,789**	**1,116,034**	**25,505**	**1,532,328**
Depreciation and impairment at 1 January 2015	200,651	734,496	0	935,147
Exchange rate adjustments	-388	-24,355	0	-24,743
Reversed depreciation on disposals	-690	-6,823	0	-7,513
Depreciation for the year	9,863	46,048	0	55,911
Impairment	0	3,609	0	3,609
Other adjustments/reclassifications	-1,973	1,973	0	0
Depreciation and impairment at 31 December 2015	**207,463**	**754,948**	**0**	**962,411**
Carrying amount at 31 December 2015	**183,326**	**361,086**	**25,505**	**569,917**
Hereof assets held under a finance lease	**0**	**3,605**	**0**	**3,605**

EUR ‘000

11. Property, plant and equipment (continued)

	2016	2015
Amortisation during the year is included in the following items:		
Cost of sales	52,596	48,655
Sales and distribution costs	3,456	4,179
Administrative expenses	952	3,077
	57,004	**55,911**

Aalborg Portland Holding Group has signed contracts regarding purchase of property, plant and equipment at a value of EUR 4.0m (2015: EUR 0.5m). No changes are made in significant accounting estimates regarding property, plant and equipment.
Impairment is included in other operating costs. Regarding the impairment test performed at 31 December 2016, reference is made to note 9.

At 31 December 2016, the recoverable amount of the CGU (Hereko) was estimated on the basis of its value in use due to delays in capital expenditure which postponed full operation of the facilities and did not enable the achievement of the earnings targets.
Key assumptions were based on assessments by management concerning future projections for the sector of reference and a historic analysis of internal and external factors of information. Future cash flows were considered until 2035, when the waste management agreement will expire.
Key assumptions used to estimate the recoverable amount of the CGU were:
- WACC of 13.7%
- Growth rate of 5.5%
- EBITDA margin between 31% and 39%, in line with company forecasts starting from 2017 and onwards.

Impairment testing at 31 December 2016 found a recoverable amount for the CGU of EUR 84.7m, compared to a carrying amount of EUR 50.5m. Accordingly, an impairment loss of the tangible assets of EUR 7.4m was recognised in other operating costs.

12. Investment properties

	2016	2015
Fair value at 1 January	87,020	81,182
Exchange rate adjustments	-11,928	-9,535
Disposals	-5,394	0
Unrealised fair value adjustment (other operating income)	0	15,373
Fair value at 31 December	**69,698**	**87,020**

Investment properties mainly comprise a number of commercial lands in Turkey that is not in the Group's use and owned for capital appreciation. No rental income is generated from lands.
The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.
The fair value measurement for investment property has been categorised as a Level 2 fair value based on valuation techniques includes unobservable inputs.
The fair value of investment property is market value approach in which representative samples are selected in the neighbourhoods of the specified property, which provide recent sales transactions.
Then the average price of the samples is compared with the relevant investment property. Finally, a measuring of the fair value of the investment property is performed, based on location and other factors.

EUR '000

13. Other non-current assets

	Investments in joint ventures	Other non-current assets	Deferred tax assets	Total
Cost at 1 January 2016	19,080	11,584	10,677	41,341
Exchange rate adjustments	1,212	-3,268	-1,637	-3,693
Additions	0	3,876	3,206	7,082
Additions from acquisition of shares in CCB	106	376	20	502
Disposals	-5,183	-1,061	-3,227	-9,471
Change offset in provision for deferred tax	0	0	1,710	1,710
Cost at 31 December 2016	**15,215**	**11,507**	**10,749**	**37,471**
Adjustments at 1 January 2016	4,350	0	0	4,350
Exchange rate adjustments	-623	0	0	-623
Profit shares	5,127	0	0	5,127
Dividends for the year	-6,359	0	0	-6,359
Reversal	5,183	0	0	5,183
Adjustments at 31 December 2016	**7,678**	**0**	**0**	**7,678**
Carrying amount at 31 December 2016	**22,893**	**11,507**	**10,749**	**45,149**

Other non-current assets mainly relate to VAT receivable and deposits.

	Investments in joint ventures	Other non-current assets	Deferred tax assets	Total
Cost at 1 January 2015	17,941	8,681	7,156	33,778
Exchange rate adjustments	1,139	94	0	1,233
Additions	0	2,884	0	2,884
Disposals	0	-75	-2,872	-2,947
Change offset in provision for deferred tax	0	0	6,393	6,393
Cost at 31 December 2015	**19,080**	**11,584**	**10,677**	**41,341**
Adjustments at 1 January 2015	2,401	0	0	2,401
Exchange rate adjustments	444	0	0	444
Profit shares	5,164	0	0	5,164
Dividends for the year	-3,959	0	0	-3,959
Equity adjustments	300	0	0	300
Adjustments at 31 December 2015	**4,350**	**0**	**0**	**4,350**
Carrying amount at 31 December 2015	**23,430**	**11,584**	**10,677**	**45,691**

Other non-current assets mainly relate to VAT receivable deposits.

EUR '000

13. Other non-current assets (continued)

Investments in subsidiaries with significant non-controlling interests

	Aalborg Portland Malaysia Group		Sydsten Group	
	2016	2015	2016	2015
Revenue	**39,269**	**37,960**	**58,344**	**54,945**
Profit for the period				
- attributable to owners of the parent	4,611	1,509	1,737	1,555
- attributable to non-controlling interests	1,976	647	1,738	1,990
	6,587	**2,156**	**3,475**	**3,545**
Other comprehensive income (expense)	-558	-4,219	-941	525
Total comprehensive income (expense)	**6,029**	**-2,063**	**2,534**	**4,070**
Assets				
Non-current assets	28,324	30,368	22,185	22,964
Current asets	26,625	18,429	26,674	23,042
	54,949	**48,797**	**48,859**	**46,006**
Liabilities				
Non-current liabilities	716	396	11,260	11,947
Current liabilities	6,368	6,696	14,196	11,026
	7,084	**7,092**	**25,456**	**22,973**
Net assets				
- attributable to owners of the parents	33,506	29,193	11,133	10,844
- attributable to non-controlling interests	14,359	12,512	12,270	12,189
	47,865	**41,705**	**23,403**	**23,033**
Cash flow from operation	10,467	5,891	5,122	6,749
Dividends paid to non-controlling interests	0	0	1,287	1,546

EUR ‘000

13. Other non-current assets (continued)

	Sinai White Portland Cement Co. S.A.E	
	2016	2015
Revenue	**45,249**	**55,194**
Profit for the period		
- attributable to owners of the parent	19,682	5,672
- attributable to non-controlling interests	14,763	4,254
	34,445	**9,926**
Other comprehensive income (expense)	-80,434	3,180
Total comprehensive income (expense)	**-45,989**	**13,106**
Assets		
Non-current assets	38,426	89,581
Current asets	59,484	60,564
	97,910	**150,145**
Liabilities		
Non-current liabilities	10,280	10,926
Current liabilities	10,957	28,271
	21,237	**39,197**
Net assets		
- attributable to owners of the parents	43,811	63,396
- attributable to non-controlling interests	32,862	47,552
	76,673	**110,948**
Cash flow from operation	-1,734	15,115
Dividends paid to non-controlling interests	0	0

14. Investments in joint ventures

	2016	2015
Summary of financial information from joint ventures:		
Revenue	167,020	166,966
Profit for the year	23,237	20,580
Total assets	101,389	95,096
Total liabilities	30,316	20,565
Share of profit for the year after tax	5,127	5,065

The joint ventures have no major contingent liabilities and the Group's maximum liabilities to the joint ventures do not exceed the equity value of the joint venture.

For a list of joint ventures, reference is made to page 89.

EUR ´000

14. Investments in joint ventures (continued)

Significant joint ventures

The Group owns 24.5% of the voting rights in Lehigh White Cement Company and the two other owners have 24.5% and 51% of the voting rights. The shareholder agreement states that certain decisions regarding the activity must be decided in unanimity. As the owners only have the right to a proportionate share of the net assets in the entity, Lehigh White Cement Companyis treated as a joint venture. The entity is recognised according to the equity method.

Financial information on significant joint venture	Lehigh White Cement Company	
	2016	2015
The figures are 100% numbers of the joint venture		
Revenue	132,151	125,927
Profit for the period	24,962	20,274
Assets		
Non-current asets	31,352	29,678
Current assets	48,440	45,215
	79,792	**74,893**
Liabilities		
Non-current liabilities	3,230	3,903
Current liabilities	12,879	8,953
	16,109	**12,856**
Net assets	**63,683**	**62,037**
% investment	24.5%	24.5%
Equity attributable to owners of the parent	15,602	15,199
Dividends paid to non-controlling interests	6,516	3,788
Reconcilation of summarised financial information		
Group share of equity in significant joint ventures	15,602	15,199
Goodwill regarding significant joint ventures	2,069	2,086
Booked value of non-significant joint ventures	5,222	6,145
Group book value of joint ventures at 31 December 2016	**22,893**	**23,430**
Financial information on the Group's individual non-significant joint ventures		
Profit for the period	-782	350
Comprehensive income	52	-88
Total comprehensive income	**-730**	**262**
Book value of investments in non-significant joint ventures at 31 December 2016	**5,222**	**6,145**

EUR '000

15. Deferred tax assets and deferred tax liabilities

	2016	2015
Change in deferred tax in the year		
Deferred tax at 1 January	50,830	56,771
Exchange rate adjustments	-10,450	348
Changes of tax rate, via income statement	-187	-1,592
Adjustments, previous years via income statement	1,071	-354
Additions from acquisition of shares in CCB	78,627	0
Movements via income statement	8,581	-3,957
The year's movements in comprehensive income	245	-386
Deferred tax liabilities at 31 December, net	**128,717**	**50,830**
Deferred tax is presented in the balance sheet as follows:		
Deferred tax liabilities	139,466	61,507
Deferred tax assets	10,749	10,677
Deferred tax liabilities at 31 December, net	**128,717**	**50,830**

	Deferred tax assets		Deferred tax liabilities	
	2016	2015	2016	2015
Intangible assets	58	52	3,525	16,738
Property, plant and equipment	285	957	128,325	36,585
Investment property	0	0	3,140	3,936
Other non-current assets	571	0	1,669	1,658
Current assets	412	305	7,664	2,153
Provisions	3,830	3,317	-2,217	2,502
Non-current and current liabilities	1,163	702	622	31
Tax loss carry-forwards	4,785	7,409	-2,907	-31
Deferred tax before set-off	**11,104**	**12,742**	**139,821**	**63,572**
Set-off within legal tax entities and jurisdictions	-355	-2,065	-355	-2,065
Deferred tax at 31 December	**10,749**	**10,677**	**139,466**	**61,507**

Tax loss carry-forwards mainly relate to Cimentas Group. As a result of expected future earnings there is a reasonable probability that the losses will be realised in a foreseeable future.

EUR '000

16. Inventories

	2016	2015
Raw materials and consumables	70,882	63,096
Work in progress	23,884	23,249
Finished goods	26,221	20,701
Prepayments of goods	1,080	802
Inventories at 31 December	**122,067**	**107,848**

As was the case last year, there are no significant inventories of cement and aggregates carried at net realisable value.

Write-down of inventories of spare parts amounts to EUR 6.1m (2015: EUR 3.7m). Write-down recognised in the income statement is EUR 0.2m (2015: EUR 0.0m).

17. Trade receivables, other receivables and prepayments

Development in provisions for impairment on trade receivables:	2016	2015
Provision for impairment losses at 1 January	4,060	3,525
Exchange rate adjustments	-432	-160
Provision for impairment in the year	300	1,144
Additions from acquisition of shares in CCB	2,780	0
Realised in the year	-307	-448
Reversed	-3	-1
Provision for impairment at 31 December	**6,398**	**4,060**

All trade receivables are due within one year.

The carrying amount essentially corresponds to fair value.

Collateral has been received regarding trade receivables, in total EUR 42.2m (2015: EUR 41.2m).

Other receivables include energy taxes and VAT, etc.

Prepayments comprise prepaid rent and insurance etc.

EUR '000

18. Provisions for pensions and similar commitments

The pension liabilities incumbent on the Danish Group enterprises are funded through insurance plans. The pension liabilities of certain foreign subsidiaries are also funded through insurance plans. Foreign subsidiaries, primarily in Turkey, Sweden, Norway, Malaysia and Belgium, whose pension liabilities are not - or only partially - funded through insurance plans state the unfunded liabilities on an actuarial basis at the present value at the balance sheet date.
These pension liabilities are partly covered by assets in pension funds. The Group's defined benefit plans were EUR 33.6m underfunded at 31 December 2016 (2015: EUR 14.3m) for which a provision has been made as pension liabilities.
The actuarial result for the year at EUR -1.2m (2015: EUR -0.7m) is recognised in the statement of other comprehensive income.

	2016	2015
Present value of defined benefit schemes	58,765	17,657
Market value of the assets comprised by the schemes	25,144	-3,391
Net liability recognised in the balance sheet	**83,909**	**14,266**
Present value of defined benefit schemes at 1 January	17,657	17,896
Exchange rate adjustment	-983	-874
Actuarial gains/losses recognised in other comprehensive income	-1,018	452
Additions from acquisition of shares in CCB	43,222	0
Costs	1,260	1,084
Net interest	581	523
Other adjustments	0	57
Curtailment	-212	-420
Payments	-1,742	-1,061
Present value of defined benefit schemes at 31 December	**58,765**	**17,657**
Market value of the assets comprised by the schemes at 1 January	3,391	3,747
Exchange rate adjustment	193	-219
Payments	261	254
Additions from acquisition of shares in CCB	21,204	0
Net interest	74	87
Curtailment	-155	-209
Actuarial gains/losses recognised in other comprehensive income	176	-269
Market value of the assets comprised by the schemes at 31 December	**25,144**	**3,391**
Stated as liabilities (provision for pension)	**33,621**	**14,266**
Amounts taken to the income statement		
Pension costs are included in:		
Cost of sales	4,529	4,831
Sales and distribution costs	2,070	1,823
Administrative expenses	1,675	3,506
	8,274	**10,160**

The actuarial change of the year is mainly due to changes in the discounting rate.
The main part of the provision for pension and similar commitments falls due after 5 years.
The assets of the pension scheme are attributable to Belgium and Norway. In Norway the assets are mainly invested in listed securities.
All assets comprised by the schemes are managed by pension providers in collective pool schemes.
In 2017, the Group expects payment of EUR -2.1m to the defined benefit schemes.

EUR '000

18. Provisions for pensions and similar commitments (continued)

The most significant actuarial assumptions at the balance sheet date are as follows:	2016	2015
Average discounting rate applied	3%	2-4%
Expected return on tied-up assets	3%	4%

Compared to the consolidated financial statements a probable change of the actuarial assumptions is not deemed to cause significant effect on the liabilities, and therefore a sensitivity analysis has not been prepared.

In the statement of consolidated shareholders' equity the following accumulated actuarial gains/losses are recognised	-6,569	-6,966

19. Provisions

	2016	2015
Provisions at 1 January	18,944	17,935
Exchange rate adjustment	-1,661	-496
Additions in the year	5,670	2,259
Additions from acquisition of shares in CCB	1,732	0
Used in the year	-2,657	-633
Reversal	-44	-121
Provisions at 31 December	**21,984**	**18,944**
Recognised in the balance sheet as follows:		
Stated as non-current liabilities	18,500	15,560
Stated as current liabilities	3,484	3,384
	21,984	**18,944**
Maturities for other provisions are expected to be:		
Falling due within one year	3,608	3,384
Falling due between one and five years	5,106	1,705
Falling due after more than five years	13,270	13,855
	21,984	**18,944**

Provisions mainly include re-establishment of chalk, gravel and clay pits at EUR 9.9m (2015: EUR 9.2m), demolition liabilities for buildings and terminal on rented land at EUR 5.2m (2015: EUR 5.0m), warranties and claims at EUR 0.3m (2015: EUR 0.4m) as well as other provisions at EUR 6.7m (2015: EUR 4.3m).

Additions in the year include liabilities regarding warranties and claims, re-establishment of chalk, gravel and clay pits, demolition liabilities and other provisions.

Used in the year mainly relates to re-establishment and demolition liabilities.

Provisions for liabilities due after more than five years include liabilities regarding re-establishment of chalk, gravel and clay pits and demolition liabilities for buildings and terminals with no decision made regarding closure.

Costs for re-establishment of chalk, gravel and clay pits are mainly paid when finishing an excavation or when moving out from leases. No considerable payments are expected in 2017.

EUR '000

20. Credit institutions and other borrowings

	Year of maturity	Fixed/ variable	Carrying amount 2016	Carrying amount 2015
Mortgage loan	2028	Variable	115,569	124,639
Bank borrowings and credits	2017	Variable	5,220	64,712
Bank borrowings and credits	2016	Fixed	0	6,849
Finance leases	2017-2020	Variable	3,113	3,666
Finance leases	2017	Fixed	97	320
Loan related party	2018	Fixed	327,003	0
			451,002	**200,186**

Fair value of mortgage loan amounts to EUR 116.5m (2015: EUR 126.0m). Other fair values do not significantly deviate from the carrying amount.

The Group's debt to credit institutions and lease obligations have been recognised and fall due as follows:

	Non-current borrowings (> 1 year)	Current borrowings (0-1 year)	Total	Maturity > 5 years
31 December 2016:				
Mortgage loan	106,061	9,508	115,569	67,417
Bank borrowings and credits	0	5,220	5,220	0
Finance leases	2,618	592	3,210	0
Loan related party	327,003	0	327,003	0
	435,682	**15,320**	**451,002**	**67,417**
Specification of contractual cash flows incl. interest:				
Mortgage loan	117,987	11,599	129,586	70,912
Bank borrowings and credits	0	6,377	6,377	0
Finance leases	2,583	668	3,251	0
Loan related party	331,197	6,540	337,737	0
	451,767	**25,184**	**476,951**	**70,912**
31 December 2015:				
Mortgage loan	115,227	9,412	124,639	76,974
Bank borrowings and credits	50,000	21,561	71,561	0
Finance leases	3,211	775	3,986	0
	168,438	**31,748**	**200,186**	**76,974**
Specification of contractual cash flows incl. interest:				
Mortgage loan	126,403	11,351	137,754	81,920
Bank borrowings and credits	50,534	22,818	73,352	0
Finance leases	3,162	880	4,042	0
	180,099	**35,049**	**215,148**	**81,920**

The maturity analysis is based on all undiscounted cash flows including estimated payment of interest.
Payment of interest is estimated and based on the present market conditions.
Maturity of derivatives is disclosed in note 26.
According to the leases there are no contingent rentals.
The carrying amount of finance leases is presented in note 11.

EUR ´000

21. Deferred income

Deferred income relates to income from business agreement etc., which is expected to be recognised as follows:

Expected recognition of deferred income:	2016	2015
Within one year	977	988
Between one and five years	3,328	3,492
After more than five years	2,457	3,264
	6,762	**7,744**

22. Other payables

Non-current other payables for the Group fall due between one and five years, and comprise payables from acquisition of equity investment in joint venture.
Other current payables include holiday pay liabilities, taxes and public indirect taxes, interest payable and dividends payable to non-controlling interests.

23. Charges and securities

	2016		2015	
	Carrying amount of mortgaged assets	Debt regarding mortgaged assets	Carrying amount of mortgaged assets	Debt regarding mortgaged assets
Property, plant and machinery	108,576	115,569	114,991	124,639
	108,576	**115,569**	**114,991**	**124,639**

24. Contingent liabilities, contractual obligations and contingent assets

Contingent liabilities

The Group is involved in a few disputes, lawsuits etc. of various scopes, including a few tax disputes in some countries.
No significant liabilities are considered to be incumbent on the Group in that respect, and the outcome of the disputes is not expected to have significant impact on the Group's financial position beyond what has been recognised in the balance sheet.

Contractual obligations

At 31 December 2016, the Group has contractual obligations, including acquisition of raw materials etc. of EUR 64.0m (2015: EUR 43.7m).
Regarding contractual obligations related to acquisition of non-current assets reference is made to note 11.

Guarantees	2016	2015
Performance guarantees	14,944	3,392
Other guarantees, etc.	16,795	19,028
	31,739	**22,420**

Other guarantees relate i.a. to guarantees given to suppliers of goods and services, mainly in Turkey.

EUR '000

24. Contingent liabilities, contractual obligations and contingent assets (continued)

Operating leases	**2016**	**2015**
Aggregate future lease payments under non-cancellable operating leases:		
Falling due within one year	15,324	11,187
Falling due between one and five years	22,551	15,427
Falling due after more than five years	9,038	2,430
	46,913	**29,044**
Operating lease expenses recognised in the income statement	**17,609**	**17,706**

Operating leases are primarily related to operating equipment, ships and IT equipment. These leases contain no special purchase rights, etc.

25. Related party transactions

Related parties with significant influence in the Aalborg Portland Holding Group:

- Cementir España S.L., Calle General Yagüe, Num. 13, 28020 Madrid, Spain
- Cementir Holding S.p.A., Corso di Francia, 200, 00191 Rome, Italy
- Caltagirone S.p.A., Via Barberini, 28, 00187 Rome, Italy

Related parties with significant influence in the Aalborg Portland Holding Group comprise the enterprises' Board of Directors and Management together with family related to these persons. Furthermore, related parties comprise enterprises in which the above-mentioned persons have significant interests.
Furthermore, related parties include joint ventures, cf. page 89.

Transactions with Cementir Holding S.p.A.::	**2016**	**2015**
- Intra-group management and administration agreements and royalties	17,806	15,520
- Financial items, net	-1,227	0
- Trade receivables	0	3
- Financial payables	327,025	0
- Trade payables	10,578	12,286
- Acquisition of shares in Cimentas	0	45,503
Transactions with joint ventures:		
- Revenue	18,570	17,623
- Financial receivables	0	4,155
- Trade receivables	3,471	3,589
- Trade payables	146	4
- Financial items, net	22	259
Transactions with other related parties:		
- Cost of sales	10	0
- Trade payables	10	0

Remunerations to the Board of Directors and the Management are presented in note 4.
No losses on loans to or receivables from related parties were recognised, nor provisions made for such in 2016 or 2015.
All transactions were made on terms equivalent to arm's length principles.
The investments in 2015 included EUR 45.5m (cash purchase consideration) regarding acquisition of additional 12.8% of the shares in Cimentas.

26. Financial risks and financial instruments

Risk management policy

As a result of its international operations, investments and financing, the Group is exposed to a number of financial risks, including market risks, liquidity and credit risks.

Market risks

Risks that the fair value of or future cash flows from a financial instrument will fluctuate due to changes in market prices.

Liquidity risks

Risks that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

Credit risks

Risks that a counterparty of a financial instrument is unable to fulfil its obligations and thereby inflict a loss to the Group.

The Group's Finance & Treasury is in charge of the overall risk management in accordance with the principles adopted by the Board of Directors.

The Group policy is not to engage in any active speculation in financial risks. The Group's financial management is thereby solely directed towards the management and reduction of financial risks arising directly from the Group's commercial operations, investments and financing.

The Group does not hedge the currency risk between EUR/DKK due to the Danish fixed-exchange-rate policy aimed at the EUR.

Neither in 2016 nor in 2015 the Group has defaulted or breached any loan agreements (covenants).

Market risks

Currency risks

Arise due to purchase and sale transactions as well as financial assets and liabilities in currencies other than the functional currency of the individual Group business.

Interest rate risks

Refer to the influence of changes in market interest rates on future cash flow relating to the Group's interest-bearing assets and liabilities and the fair value of these.

Raw material price risks

Refer to the influence of changes in raw material prices, which are not related to currency risks or interest rate risks.

Currency risks

Hedging is assessed and taken out in close co-operation with the Italian parent company.

For the hedging of currency risks, the Group analyses realised and expected cash flows broken down by currencies.

Risks relating to purchases and sales

The ready-mix activities of the Group are less exposed to changes in exchange rates, as the main part of both income and costs are settled in local currency. The Overseas cement activities of the Group enjoy a high degree of exports, and the settlement thereof is made in various sales currencies, and therefore, these units are affected by changes in exchange rates. The Turkish cement operations are mainly based on transactions in local currency. Revenue from the Group's Nordic & Baltic activities and the purchases by this segment are denominated in several currencies. Accordingly, these activities are also exposed to changes in exchange rates.

The Group's currency risks are primarily hedged by the settlement of income and costs in the same currency and by use of derivative financial instruments. Investments in Group enterprises are not hedged.

The Group's most predominant currency exposure regarding the operating results arises from sales and purchases in MYR, AUD, TRY, USD and NOK. A 10% drop in these exchange rates compared to EUR/DKK would, viewed separately, reduce EBITDA by EUR 12.2m (MYR amounts to EUR -1.3m, AUD amounts to EUR 1.8m, TRY amounts to EUR 5.8m, USD amounts to EUR 2.2m and NOK amounts to EUR 3.7m (2015: EUR 10.9m (MYR amounted to EUR -1.8m, AUD amounted to EUR 2.0m, TRY amounted to EUR 7.9m and NOK amounted to EUR 2.8m). The sensitivity surrounding Group equity is not materially different from the impact on the operating results for the year.

26. Financial risks and financial instruments (continued)

Risks relating to net financing

The Group's most important currency risks arising from receivables and payables in foreign currencies at 31 December 2016 relate to the following currencies: EUR, USD, GBP, TRY, NOK and SEK. If these currencies (apart from EUR) had been 10% down at 31 December, Group equity would be affected by a negative exchange rate adjustment of EUR 1.6m (2015: EUR 0.2m). An increase of currencies would have had a similar positive effect on equity.

Translation risks relating to net investments in subsidiaries

The Group income statement and equity are affected by changes in the exchange rates as the closing results of the foreign Group enterprises are translated into Danish kroner at the consolidation.
Hedging of currency risk is not performed for net assets (equity) in foreign subsidiaries. Gains and losses relating to net assets in foreign subsidiaries are accounted directly in equity.
With regard to investments in foreign enterprises, Group equity at 31 December 2016 would have been reduced by EUR 67.0m (2015: EUR 68.9m), if the NOK, SEK, USD, CNY, MYR, EGP and TRY exchange rates had been 10% down on the actual exchange rates. Other currency risks arising from investments in foreign entities are immaterial.

Assumptions of sensitivity analysis

The sensitivities are stated on the assumption of unchanged sales and price levels and interest levels, and on the assumption of recognised assets and liabilities at 31 December 2016.

Forward contracts regarding future transactions

The Group does not comply with the conditions for taking out hedge accounting of future cash flows from the sale of goods. In terms of the hedging of future investments, the Group assesses in each case whether these comply with the conditions for hedge accounting.
Open Group forward contracts at 31 December, net:

2016

EURm	NOK	AUD	GBP	USD	Total
Market value - forward contracts	0.0	0.0	-0.1	0.0	**0.1**
Notional principal amount - forward contracts*	0.0	-0.6	-9.9	0.0	**-10.5**

The forward contracts fall due from January 2017 - December 2017.

2015

EURm	NOK	AUD	GBD	USD	Total
Market value - forward contracts	0.6	-0.2	0.0	0.3	**0.7**
Notional principal amount - forward contracts*	-12.0	-2.3	0.0	1.4	**-12.9**

The forward contracts fall due from January 2016 - December 2016.

* For forward exchange contracts, positive notional values are purchases of the relevant currency, negative notional values are sales.

26. Financial risks and financial instruments (continued)

Interest rate risk

Owing to the Group's investment and financing activities the Group has exposure to interest rate changes in both Denmark and abroad. The primary interest-rate exposure is related to fluctuations in CIBOR, LIBOR and EURIBOR.

The Group has floating and fixed loans. The Group's loans at 31 December 2016 came in at EUR 442.6m, 26% thereof financed by floating rate loans. At 31 December 2015 loans were EUR 124.6m (accounting for 100% floating rate loans).

With regard to the Group's floating rate loans and cash equivalents, an annual 1% increase in the interest level in proportion to the actual interest rates would, other things being equal, have had an adverse hypothetical impact on the profit before tax of EUR 1.2m (2015: EUR 1.0m) and on equity of EUR 0.9m (2015: EUR 0.8m). A declining interest level would have had a corresponding positive impact on result and equity.

The Group's cash is placed on demand or time deposits with a maturity of up to 3 months.

The sensitivities stated are based on average financial assets and liabilities for the year.

Raw material price risks

The Group uses a number of raw materials in the manufacture of the Group's products, which expose the Group to a price risk, i.a. especially different fuels and electricity.

The Group enters into annual fixed price contracts for some raw materials.

Open Group swap contracts at 31 December, net:

2016

EURm	Total
Market value - swap contracts	0.0

2015

EURm	Total
Market value - swap contracts	-0.4

The swap contracts fall due in January 2016.

Liquidity risks

According to the Group borrowing policy, the Group will ensure the highest possible flexibility by maintaining a capital structure with a strong equity financing. At Group level, there are on-going assessments and management of liquidity risk by maintaining adequate cash reserves/loan facilities based on follow-up on and forecast of cash flow compared with the maturity/repayment profiles related to the Group's financial instruments.

The Aalborg Portland Holding Group is included in the Cementir Group's overall management of financial risks.

The Group's liquidity reserve consists of non-tied-up cash and undrawn credit facilities, which is signed by Cementir Holding.

The Management is of the opinion that the Group has sufficient liquidity at its disposal to carry through planned investments and operating activities and to take the proper action in case of unforeseen liquidity shortfalls.

Regarding maturities of the Group debt, reference is made to note 19.

Based on the Group's expectations for the future operation and the Group's present cash funds, no other significant liquidity risks have been identified.

EUR '000

26. Financial risks and financial instruments (continued)

Credit risks

The Group's credit risks arise primarily from receivables related to customers, other receivables and cash.

As a consequence of the Group's credit risk policy, credit rating of all major customers and other trading partners is performed before contract formation and hereafter continuously. An efficient credit control is important to the Group in the present market. Management of the credit risks is based on internal credit limits, which are based on the customer's and the counterparties' creditworthiness, based on both internal and external credit ratings as well as the Group's experience with the counterparty. If no satisfactory guarantee is obtained when credit rating the customer/counterparty, payment in advance or separate guarantee for the sale, e.g. a bank guarantee, will be required.

Due to the market situation, the Nordic companies of the Group have in recent years increased the resources used on follow-up on customers, which contributes to early warnings of possible risks. As part of the Group's risk management, the credit exposure of customers and counterparties is monitored daily, weekly or monthly based on individual assessments. Historically the Group has had relatively small losses due to customers' or counterparties' inability to pay.

The credit risk limit of financial assets corresponds to the values recognised on the balance sheet.

No individual customer or co-operator poses any material risk to the Group.

The credit rating of trade receivables is analysed on the basis of the business areas of the Group:

EURm	2016	2015
Aalborg Portland	16.5	16.7
Unicon	37.9	32.8
Overseas	9.4	7.8
Turkey	56.4	58.1
England	2.9	3.1
Belgium	46.5	0.0
	169.6	**118.5**

Receivables from Aalborg Portland activities are attributable to Danish customers and export customers characterised as medium-sized and major customers. The Group is familiar with the Danish customers, who have not been granted long credit lines. Experience shows that export customers pose a low credit risk.

Regarding the Unicon activities the Group's customers primarily consist of contractors, builders and others, customers posing a higher credit risk.

Overseas activities are attributable to minor local customers and medium-sized to major customers on a global scale. Credits are granted in accordance with usual, local trading terms. Credit rating is applied to some types of customers, but experience shows that customers in Overseas pose a low credit risk.

In Turkey, there are both dealers and end-users (contractors and other customers) within both the ready-mixed concrete, cement and waste business. All customers are generally required to provide security for deliveries unless the management has assessed that there are no significant risks associated with selling to that customer. The waste business sales are only to large customers. Received collaterals amount to EUR 42.2m at 31 December 2016 (2015: EUR 41.2m). Trade receivables at 31 December 2016 include receivables of EUR 6.7m (2015: EUR 4.4m), which, based on an individual assessment, have been written down to EUR 0.3m (2015: EUR 0.3m). The write-downs were generally motivated by the customers' bankruptcy or anticipated bankruptcy. When calculating individual write-downs the collaterals received have been taken into account.

EUR '000

26. Financial risks and financial instruments (continued)

Receivables overdue at 31 December are specified as follows:

EURm	2016	2015
Payment: Up to 30 days	17.3	12.4
Between 30 and 90 days	8.0	4.0
More than 90 days	8.5	6.2
	33.8	**22.6**

The receivables written down are included at their net amounts in the above-mentioned table.

Management of capital structure

Group capital management is assessed and adjusted in close co-operation with the Italian parent company. The Aalborg Portland Holding Group is included in the Cementir Group's overall capital management.

It is the Group's policy that the capital structure and financial gearing of the Group shall at all times reflect the Group's activities and risk profile, afford sufficient financial latitude to ensure the Group's creditworthiness, and provide flexibility and room for investments or acquisitions based on the Group strategy.

The distribution of dividends takes place considering the appropriate level of equity and sufficient availability of loan capital to facilitate the Group's ongoing expansion.

The Group financial gearing between net interest-bearing debt and EBITDA is 1.2 at 31 December 2016 (31 December 2015: 0.4).

Specification of financial assets and obligations EUR'000	Carrying value 2016	Fair value 2016	Carrying value 2015	Fair value 2015
Financial assets measured at fair value in the income statement	0	0	0	0
Financial assets used as hedging instruments, level 2	0	0	889	889
Loans and receivables	417,971	417,971	273,461	273,461
Financial assets available for sale	0	0	0	0
Financial obligations measured at fair value in the income statement	0	0	0	0
Financial obligations used as hedging instruments, level 2	137	137	645	645
Financial obligations measured at amortised cost	708,396	709,340	399,713	399,713

Methods and assumptions on determination of fair values

In general, fair value corresponds to the carrying value, except for mortgage loans.

Financial instruments related to sale and procurement of goods etc. with a short credit period are measured at fair value corresponding to the carrying value.

Derivative financial instruments are computed on generally accepted valuation methods based on relevant exchange rates.

The methods used are unchanged compared to 2015.

27. Post-balance sheet events

There have been no post-balance sheet events material to this Annual Report which have not been recognised or mentioned.

28. Critical accounting policies as well as accounting estimates and judgements

The accounting polices require that when calculating the carrying value of certain assets and liabilities estimates are made of how future events influence the value of recognised assets and liabilities at the balance sheet date. Estimates that have a material influence on the amounts recognised in the annual report.

The estimates applied are based on assumptions deemed reasonable by the Management, but, given the nature of things, are uncertain. Thus, the Group is exposed to risks and uncertainties that may result in variances between actual and estimated results.

The development in the world economy and in the financial markets in 2015 and 2016 has resulted in considerable changes compared to previous years in respect of some uncertainty in a number of key assumptions within i.a. credit risk, interest level, sales volumes, volatility, etc.

The Management deems that the accounting policies do not include critical aspects.

The following items of the Aalborg Portland Holding Group are subject to major accounting estimates and judgements:

Goodwill

The annual impairment test of goodwill involves an estimate over how the part of the Group to which the goodwill is allocated (cash-generating units) may generate sufficient, positive, future net cash flows in order to support the value of goodwill and other net assets in the cash-generating unit. The Group's thorough budgeting and estimating support the assessments and minimise the risk. The degree of uncertainty is reflected in the chosen discount rate. The impairment test has been further described in note 9.

Non-current assets

Non-current assets are measured at cost less accumulated depreciation and impairment. Depreciation is provided on a straight-line basis over the expected useful lives of the assets considering the residual value of the assets. The anticipated useful life and residual value are determined on the basis of past experience and the anticipated future use of the asset in question. The anticipated future use and scrap values may prove impossible to realise, prompting a need for write-down or a loss on the disposal of the assets. The depreciation periods are stated in the section "Accounting policies" in note 29, and non-current assets are stated in notes 9 and 11.

Investment property

The fair value measurement of investment property is based on estimates. Reference is made to note 12 for a further description hereof.

Business combinations

At the date of preparation of these consolidated financial statements the Purchase Price Allocation at the fair value of acquired assets, liabilities and contingent liabilities assumed is in progress and it will be completed within one year from the acquisition date. The best available input in determining fair value of all assets and liabilities have been used, which include use of expert in the valuation process (reference is made to note 10).

Consolidated financial statements
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Based on the absolute size of ownership and the distribution of shareholdings, including votes and relationships, the Group management considers the Group's ownership to be sufficient to exercise a controlling influence on the basis that the Group holds 50% of the shares and have casting vote.

Provisions and contingent liabilities

Assessment of provisions and contingent liabilities are largely based on estimates and judgements. Description of provisions and contingent liabilities is given in notes 19 and 24.

29. Accounting policies

The Annual Report 2016 of the Aalborg Portland Holding Group is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

The Aalborg Portland Holding Group's official statutory annual report is presented in EUR.

The accounting policies set out below have been used consistently in respect of the financial year. For standards implemented prospectively, comparative information is not restated.

On 2 March 2017, the Board of Directors and the Management approved the annual report for 2016 for the Aalborg Portland Holding Group. The annual report is submitted to the shareholders of Aalborg Portland Holding A/S for approval at the Annual General Meeting on 18 April 2017.

Changes in accounting policies

The Aalborg Portland Holding Group has implemented the financial reporting standards and IFRICs which came into force for the 2016 financial year. The new standards and IFRICs did not affect recognition and measurement of assets and liabilities in the 2016 financial year.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Aalborg Portland Holding A/S, and subsidiaries, in which Aalborg Portland Holding A/S exercises a controlling influence.

The Group exercises a controlling influence in an enterprise, if the Group is exposed to or has the right to variable returns from its involvement with the enterprise, and has the ability to affect those returns through its power over the enterprise.

Enterprises, in which the Group directly or indirectly holds more than 20% and less than 50% of the voting rights and another entity has controlling influence, are considered as associates. However, this is based on an assessment of the ability of exercising influence.

When assessing whether the Group exercises a controlling or significant influence, it is to be considered whether potential voting rights exercisable at the balance sheet date are real and have substance as well as de facto control.

If the enterprises meet the criteria for joint control, they are considered as investments in joint arrangements. Joint arrangements are activities or enterprises, in which the Group exercises joint control through cooperation agreements with one or more parties. Joint control implies that decisions about the relevant activities require unanimous consent of the parties with joint control.

Joint arrangements are classified as joint ventures or joint operations. Joints operations are activities where participants are entitled to a proportionate share of the individual assets and liabilities in the arrangement, while joint ventures are activities where participants alone have the right to a proportionate share of net assets in the arrangement.

In joint operations, assets, liabilities, income and expenses as well as cash flows are included pro rata line by line in the consolidated financial statements in accordance with the rights and obligations.

Business combinations

Enterprises acquired are recognised in the consolidated financial statements from the date of acquisition which is the date at which Aalborg Portland Holding actually gains control of the enterprise acquired. The comparative figures are not restated for acquisitions.

For business combinations any remaining positive balance (goodwill) is recognised as goodwill under intangible assets between on the one side the consideration, the value of the non-controlling interests of the enterprise acquired and the fair value of possible previously acquired equity investments and on the other side the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is not amortised but impairment tested annually as a minimum. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units which subsequently form the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a different functional currency from the presentation currency of the Aalborg Portland Holding Group's financial statements are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate ruling at the transaction date.

If any bargain purchase gain is recognised, the assets and liabilities undertake a review to ensure they are complete and the measurement appropriately reflects consideration of all available information. Bargain purchase gain is recognised as other operating income in profit or loss.

29. Accounting policies (continued)

The consideration transferred by a business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. Costs attributable to business combinations are recognised directly in profit or loss as administrative expenses when incurred.

The book value method is applied to transfers between Group companies (common controlled transactions), according to which assets and liabilities are transferred at their carrying amount at the date where control is obtained. The difference between the carrying value of net assets acquired and consideration is recognised directly in equity.

When enterprises are sold, the difference between the selling price and the net assets plus cumulative translation differences and unamortised goodwill is recognised in the income statement as a separate item in finance income and finance costs.

Non-controlling interests

On initial recognition, non-controlling interests are measured at fair value or at the proportionate share of the fair value of the acquired business's identifiable assets, liabilities and contingent liabilities. In the first scenario, goodwill in relation to the non-controlling interests' ownership share in the acquired enterprise is thus recognised, while, in the latter scenario, goodwill in relation to non-controlling interests is not recognised. Measurement of non-controlling interests is chosen transaction by transaction and stated in the notes in connection with the description of acquired enterprises.

The effect of transactions with non-controlling interests is taken directly to shareholders' equity. Therefore, no gains or losses are stated in the income statement, and there is no change of the carrying amount of net assets (including goodwill).

Foreign currency translation

For each of the reporting enterprises in the Group, a functional currency is determined. Transactions denominated in other currencies than the functional currency are considered transactions denominated in foreign currencies.

Transactions in foreign currencies are on initial recognition translated at the functional currency at the exchange rate of the date of transaction.

Financial assets and liabilities in foreign currencies are translated at the exchange rates at the balance sheet date. Any foreign exchange variances between the rates at the transaction date and the payment date or the balance sheet date, respectively, are stated in the income statement as financial items.

Non-financial assets and liabilities in foreign currencies are stated at the rate of exchange at the date of transaction.

On recognition in the consolidated financial statements of foreign enterprises and associates as well as foreign joint ventures with a functional currency different from the Group's presentation currency, the income statements are translated at the average exchange rates and the balance sheet items are translated at the exchange rates at the balance sheet date. The calculation differences arising from the translation of the income statements of companies abroad at average exchange rates and of their balance sheet items at the rate of exchange on the balance sheet date are taken directly to other comprehensive income.

On full or partial disposal of wholly-owned foreign operations resulting in a loss of control or on repayment of balances which constitute part of the net investment in the foreign operation, the share of the cumulative amount of the exchange differences that is recognised in other comprehensive income relating hereto is reclassified from other comprehensive income to profit for the year together with gain or loss on disposal.

On the disposal of partially owned foreign subsidiaries resulting in a loss of control, the share of the translation reserve in other comprehensive income attributable to non-controlling interests is not transferred to profit or loss.

An average exchange rate is used if it does not significantly deviate from the exchange rate ruling at the transaction date.

The assets and liabilities of a foreign company acquired are translated at the exchange rate at the date of transaction (acquisition date).

Derivative financial instruments

Derivative financial instruments are recognised at the date a derivative contract is entered into and measured in the statement of financial position at fair value.

29. Accounting policies (continued)

Positive and negative fair values of derivative financial instruments are included as separate line items in the statement of financial position, and set-off of positive and negative values is only made when the Company has the right and the intention to settle several financial instruments net.

The rules for hedge accounting are not applied, and value adjustments of derivative financial instruments are therefore recognised as finance income and finance costs.

Income statement

Revenue

Revenue is recognised in the income statement on delivery and passing of the risk to the buyer and when the income can be measured reliably and is expected to be received.

Revenue is measured at fair value of the consideration agreed excl. VAT charged on account of third party. All kinds of discounts are recognised in revenue.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year and development costs which do not meet the criteria for capitalisation. This includes raw materials, consumables, CO_2 quotas, direct labour costs and indirect production costs such as maintenance and operation of production plant as well as production plant depreciation, administration and plant management.

Sales and distribution costs

Sales and distribution costs comprise direct distribution and marketing costs, salaries for the sales and marketing functions as well as other indirect costs, including depreciation and amortisation.

Administrative expenses

Administrative expenses comprise the costs of administrative staff and management and other indirect expenses, as well as depreciation and amortisation.

Other operating income and costs

Other operating income and costs comprise items of a secondary nature in relation to the activities of the Group, including certain grants, rentals, fees, fair value adjustments of investment property, bargain purchase gain, etc.

Gains and losses from the disposal of property, plant and equipment which cannot be considered part of the disposal of a complete activity are included in other operating income and costs.

Profit/loss from investments in joint ventures

The proportionate share of the profit/loss after tax in joint ventures is recognised in the consolidated income statement after elimination of the proportionate share of intra-group profits/losses.

Financial items

Interest income and expenses comprise interest, exchange rate gains and losses regarding transactions denominated in foreign currencies and write-down on securities, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Realised and unrealised gains and losses on derivative financial instruments that are not qualified as hedge accounting are also included.

Tax

Tax for the year comprises current tax and changes in deferred tax.

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the applicable tax rates for the financial year and any adjustment of tax for previous years.

Tax related to other comprehensive income is recognised in other comprehensive income.

Deferred tax is recognised and measured according to the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to goodwill not deductible for tax purposes.

Measurement of deferred tax is based on the tax rules and tax rates applicable in the respective countries at the balance sheet date, which is expected to be valid, when the deferred tax will be reversed as current tax. The effect of changes in the tax rates is stated in the income statement unless it relates to items previously entered directly in Shareholders' equity.

29. Accounting policies (continued)

Deferred tax assets, including the value of tax loss carry-forwards, are recognised under Financial assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Aalborg Portland Holding A/S is covered by the Danish rules on compulsory joint taxation of the Group's Danish companies. Enterprises are included in the joint taxation from the date of consolidation into the consolidated financial statements and up to the date when they exit the consolidation.

Aalborg Portland Holding A/S is the administrative company for the joint taxation and consequently settles all income tax payments with the tax authorities.

The current Danish income tax is allocated by payment of joint taxation contributions between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint tax contributions from companies who have used this loss to reduce their own taxable income.

Balance sheet

Intangible assets

Goodwill

On initial recognition, goodwill is recognised in the balance sheet at cost as described under "Business combinations". Subsequently goodwill is measured at cost less accumulated impairment. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Determination of cash-generating units follows the management structure and internal financial control.

Development projects

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company is demonstrated, and where the Company intends to complete, market or use the individual project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, selling and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development projects are measured at cost less accumulated amortisation and impairment. Cost comprises wages and salaries, amortisation and other costs attributable to the Group's development activities. Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life from the date when the asset is available for use. The amortisation period is up to 5 years.

Other intangible assets

Other intangible assets, including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses.

Amortisation is made on a straight-line basis over the lower of the useful life and the contract period.

The expected useful lives are:

- Software applications, up to 10 years.
- Customer contract 25 years.
- Patents, licences and other intangible assets, up to 20 years.
- Leasehold improvements, up to 5 years.

CO_2 quotas

On initial recognition, granted and acquired CO_2 quotas are measured at cost.

The basis for amortisation of CO_2 quotas is stated as cost less scrap value. The scrap value depends on whether the company expects to utilise the quotas or sell them. Amortisation is based on a portfolio view on a straight-line basis.

If the actual emission exceeds the granted and acquired CO_2 quotas, a liability corresponding to the fair value of the CO_2 quotas, which the company has to settle, is recognised.

On disposal of CO_2 quotas the difference between carrying amount and the selling price of excess CO_2 quotas is recognised in the income statement at the date of disposal.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment.

29. Accounting policies (continued)

The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries as well as borrowing costs from specific or general lending directly relating to the construction of the individual asset.

Deemed costs for dismantling and disposal of the asset and reestablishment are added to cost if the deemed costs are recognised as a provision. The cost of total assets is split into separate components, which are depreciated separately if the useful lives of the individual components differ.

The cost of finance leases are measured at the lower value of the asset's fair value or at the present value of the future minimum lease payment. When calculating the present value, the internal interest rate of the lease or the Group's alternative borrowing rate is used as discount rate.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The carrying amount of the replaced components are derecognised in the balance sheet and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation is charged on a straight-line basis during the estimated useful life of the asset concerned until it reaches the estimated scrap value.

Estimated useful lives are as follows:

- Buildings and improvements of land, 5-50 years
- Main machinery, 25 years
- Other plant and machinery, 3-20 years

Newly acquired assets and assets of own construction are depreciated from the time they come into use. Land is not depreciated, unless it is used for raw material extraction after individual assessment.

The basis of depreciation is calculated on the basis of the scrap value less impairment losses. The scrap value is determined at the acquisition date and reassessed annually. If the scrap value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the scrap value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, sales and distribution costs and administrative expenses to the extent that depreciation is not included in the cost of self-constructed assets.

Investment properties

Properties are classified as investment properties when they are held for the purpose of obtaining rental income and/or capital gains. On initial recognition, investment properties are measured at cost, comprising purchase price and costs directly attributable to the acquisition. Subsequently, investment properties are measured at fair value. Changes in the fair value are recognised in profit or loss as value adjustment of investment properties under other operating income/costs in the financial year in which the change arises.

Realised gains and losses on the disposal of investment properties are determined as the difference between the carrying amount and the sales price and are also recognised under other operating income/costs.

If investment properties are reclassified to own property, fair value at this date is considered new cost price.

Investments in joint ventures

Investments in jointly managed enterprises (joint ventures) are measured according to the equity method, and the investments are recognised in the balance sheet as the proportionate share of the equity value of the entities stated in accordance with the Group's accounting policies, adding or deducting the proportionate share of unrealised intra-group profits and losses, and adding carrying amount of goodwill.

Joint ventures with negative equity value are measured at 0. If the Group has a legal or constructive obligation to cover a deficit in the joint ventures, the remaining amount is recognised under liabilities.

Other non-current assets

Other non-current assets mainly relate to deposits and loans which are measured at amortised cost. Amortisation for the year is stated in the income statement.

29. Accounting policies (continued)

Impairment of non-current assets

Goodwill is subject to annual impairment tests, initially before the end of the acquisition year.

The carrying amount of goodwill is tested together with the other non-current assets of the cash-generating unit or group of cash-generating units to which goodwill is allocated. The assets of the cash-generating units are written down to the recoverable amount in profit or loss if the carrying amount is higher. The recoverable amount of a CGU is generally determined as the present value of the expected future net cash flows from the entity or activity (cash-generating unit) to which goodwill is allocated.

However, impairment losses on goodwill are recognised as other operating costs in the income statement.

The carrying amount of other non-current assets, except for goodwill, investment properties and financial assets measured at fair value, is tested annually for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit.

Amortisation and depreciation of intangible assets and property, plant and equipment are recognised in the same item as the related amortisation and depreciation. However, impairment losses on goodwill are recognised in a separate line item in the income statement.

Inventories

Raw materials and consumables are measured at cost. Cost is computed according to the weighted average cost method.

The cost of goods for resale and raw materials and consumables comprises purchase price plus delivery costs.

The cost of work in progress and finished goods comprise direct production costs with addition of indirect production costs. Indirect production costs include operating costs, maintenance and depreciation of production plant and plant management.

If the net realisable value is lower than cost, write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is an objective indication of an impairment loss. In such cases, write-down is made individually for each specific receivable.

Write-down is stated as the difference between the carrying amount and the present value of the expected cash flow, including the net realisable value of any received collaterals. The effective interest rate used at the time of initial recognition is used as the discount rate for the individual receivable or portfolio.

Equity

Dividends are recognised as debt at the time of approval at the annual general meeting (time of declaration). Dividends which are proposed for distribution are therefore stated separately in the shareholders' equity.

Reserves relating to foreign exchange adjustments in the consolidated financial statements comprise currency translation differences arising from the translation of the financial statements of foreign entities from their functional currencies to the presentation currency of the Aalborg Portland Holding Group (EUR) and foreign exchange adjustments of assets and liabilities considered to be part of the Group's net investment in foreign operations.

On full or partial realisation of net investments, exchange differences are recognised in the income statement.

Pensions, defined contribution schemes

In contribution pension schemes the employer is obliged to pay a specific contribution (e.g. a fixed sum or a fixed percentage of the pay). In a contribution scheme the risk in respect of future developments in interest rate, inflation, mortality and invalidity is not borne by the Group.

29. Accounting policies (continued)

Payments by the Group into defined contribution schemes are stated in the income statement for the period to which they apply and any outstanding payments are stated in the balance sheet as Other payables.

Pensions, defined benefit schemes

In benefit pension schemes the employer is obliged to pay a specific benefit (e.g. a retirement pension as a fixed sum or a fixed percentage of final pay). In a benefit scheme the Group bears the risk with regard to future development in interest rate, inflation, mortality and invalidity.

An annual actuarial valuation is carried out to determine the present value of the future benefits which the employees have obtained under defined benefit schemes. The present value is calculated on the basis of assumptions for future developments in wage/salary level, interest rates, inflation, pension age and mortality. The present value is calculated only for benefits to which the employees have already earned the right during their employment with the Group. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under retirement benefit obligations.

The pension costs of the year are recognised in profit or loss based on actuarial estimates at the beginning of the year. Differences between the calculated growth in pension assets and liabilities and the realised values stated at the end of the year are classified as actuarial gains or losses and are recognised in other comprehensive income.

If a pension plan constitutes a net asset, the asset is only recognised if it represents future refunds from the plan or will lead to reduced future payments to the plan.

Long-term employee benefits are recognised based on an actuarial calculation. All actuarial gains and losses are recognised in the income statement immediately. Other long-term employee benefits include i.a. anniversary bonuses.

Provisions

Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

When the Group has a legal obligation to dismantle or remove an asset or restore the site on which the asset is located, a provision is recognised corresponding to the present value of expected future costs. The present value of costs is recognised in the income statement for the tangible assets concerned and is amortised together with these assets over the useful lives or according to the production method.

Provisions are measured as the best estimate of the expenses required to settle the obligation at the balance sheet date.

Financial liabilities

Amounts owed to credit institutions are recognised when raising the loan at fair value less transaction costs. Subsequent measurement is made at amortised cost so that the difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

The capitalised remaining lease liability of finance leases is also recognised in financial liabilities, measured at amortised cost.

Other financial liabilities are measured at amortised cost.

Leases

Lease commitments are classified as finance or operating leases.

A lease is classified as a finance lease if it transfers substantially all risks and rewards incident to ownership. All other leases are classified as operating leases.

The accounting for finance leases and the related liabilities are described in the paragraphs concerning tangible assets and financial liabilities, respectively.

Lease payments regarding operating leasing are expensed on a straight-line basis over the lease term.

Deferred income

Deferred income is measured at cost.

Cash flow statement

The cash flow statement is presented according to the indirect method and shows the composition of the cash flow divided into operating, investing and financing activities, respectively, and the cash funds at the beginning and end of the year.

29. Accounting policies (continued)

In the statement of working capital/loans a distinction is made between interest-bearing and non-interest-bearing items plus cash funds.

Cash funds consist of cash in hand and bank deposits.

Loans represent total interest-bearing debt items less interest-bearing receivables. Formation of finance leases are considered as non-cash transactions.

All other non-interest-bearing receivables and debt items are regarded as working capital.

Cash flows from operating activities are stated as Earnings Before Interest and Tax (EBIT) adjusted for non-cash operating items, changes in working capital, financial items and paid tax.

Cash flows from investing activities comprise payments made in connection with the acquisition and disposal of enterprises and activities and the acquisition and disposal of non-current assets.

Cash flows from financing activities comprise payments to and contributions from owners as well as the raising and repayment of loans.

Segment reporting

The Aalborg Portland Holding Group is not a listed company and therefore no segment reporting is made according to IFRS 8.

Forthcoming requirements

A number of new financial reporting standards, which are not compulsory for the Group in 2016, have been released. The adopted, non-effective standards and interpretations are implemented as they become mandatory for the Group. None of the new standards or interpretations is expected to have any significant impact on the financial reporting for the Group.

On 13 January 2016, the IASB issued the new standard IFRS 16 Leases, which replaces IAS 17. IFRS 16 will apply from 1 January 2019. The new standard eliminates the difference in the financial and operating lease accounting.

Oslo Opera House Oslo, Norway | Headquarters of the National Opera and Ballet Company

3 FINANCIAL STATEMENTS (PARENT COMPANY)

Income statement

EUR '000

	Notes	2016	2015
Revenue	1	53,250	30,385
Gross profit		**53,250**	**30,385**
Sales and distribution costs	2	4,717	4,078
Administrative expenses	2+3	13,868	13,215
Earnings before interest and tax (EBIT)		**34,665**	**13,092**
Financial income	4	1,123	1,947
Financial expenses	4	3,482	1,097
Earnings before tax (EBT)		**32,306**	**13,942**
Income tax	5	229	-6
Profit for the year		**32,077**	**13,948**
Result of transferred activity to Group company		0	16,404
Profit for the year		**32,077**	**30,352**
To be distributed as follows: Retained earnings		32,077	30,352

Statement of comprehensive income

EUR '000

	2016	2015
Profit for the year	32,077	30,352
Total comprehensive income	**32,077**	**30,352**

Cash flow statement

EUR '000

	2016	2015
Profit/loss for the period	**32,077**	**30,352**
Reversal of amortisation and depreciation	28	7,054
Net financial income / expense	-32,479	850
Gains/losses on disposals	0	-15
Income taxes	229	-6
Operating cash flows before changes in working capital	**-145**	**38,235**
Increase/decrease in inventories	0	3,639
Increase/decrease in trade receivables	-3,123	-3,388
Increase/decrease in trade payables	160	771
Change in non-current/current other assets/liabilities	1,866	-1,611
Change in current and deferred taxes	-294	-1,146
Operating cash flows	**-1,536**	**36,500**
Dividends collected	40,295	0
Interests collected	699	327
Interests paid	-1,754	-243
Other income collected/expenses paid	-1,691	-39
Income taxes paid	-1,017	-12,113
Cash flow from operating activities	**34,996**	**24,432**
Investments in intangible assets	-17	-168
Investment in equity investments and other non-current securities	-338,221	-9,495
Proceeds from sale of equity investment and other non-current securities	0	25
Change in non-current financial assets	11,500	0
Cash flow from investing activities	**-326,738**	**-9,638**
Transferred activity to Group company	0	83,033
Change in non-current financial liabilities	277,236	-45,540
Change in current financial liabilities	38,024	-43,214
Increase/paying-off shareholders' equity	153	0
Other variances of equity	-1,698	0
Cash flow from financing activities	**313,715**	**-5,721**
Cash and cash equivalent exchange rate effect	14	0
Net change in cash and cash equivalent	21,973	9,073
Cash and cash equivalent opening balance	4,987	-4,086
Cash and cash equivalent closing balance	**26,974**	**4,987**

Balance sheet

EUR '000

	Notes	2016	2015
ASSETS			
Goodwill		0	0
Other intangible assets		92	103
Intangible assets in development		0	0
Intangible assets	6	**92**	**103**
Land and buildings		0	0
Plant and machinery		0	0
Property, plant and equipment in development		0	0
Property, plant and equipment	7	**0**	**0**
Investments in subsidiaries	8	761,516	566,688
Other non-current assets	8	0	0
Deferred tax assets	8+9	0	7
Other non-current assets		**761,516**	**566,695**
Total non-current assets		**761,608**	**566,798**
Amounts owed by Group enterprises		154,855	15,260
Joint taxation contribution receivable		17,785	15,087
Other receivables	10	1,639	6,543
Prepayments	10	10	106
Receivables		**174,289**	**36,996**
Cash and cash equivalents		**26,973**	**4,987**
Total current assets		**201,262**	**41,983**
TOTAL ASSETS		**962,870**	**608,781**

Balance sheet

EUR '000

	Notes	2016	2015
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		40,333	40,333
Retained earnings		442,017	411,664
Total shareholders' equity		**482,350**	**451,997**
Liabilities			
Deferred tax liabilities	9	666	0
Credit institutions etc.	12	0	50,000
Amounts owed to Group enterprises		327,003	0
Non-current liabilities		**327,669**	**50,000**
Credit institutions	12	0	38
Trade payables		181	62
Amounts owed to Group enterprises		140,179	104,223
Income tax payable		2,819	1,876
Provisions	11	0	0
Other payables	13	9,672	585
Current liabilities		**152,851**	**106,784**
Total liabilities		**480,520**	**156,784**
TOTAL EQUITY AND LIABILITIES		**962,870**	**608,781**

Statement of shareholders' equity

EUR '000	Share capital	Retained earnings	Total
Shareholders' equity at 1 January 2016	40,333	411,664	451,997
Effect of translation to presentation currency		-1,724	-1,724
Profit for the year (total comprehensive income)		32,077	32,077
Shareholders' equity at 31 December 2016	**40,333**	**442,017**	**482,350**
Shareholders' equity at 1 January 2015	40,333	382,487	422,820
Effect of translation to presentation currency		-1,175	-1,175
Profit for the year (total comprehensive income)		30,352	30,352
Shareholders' equity at 31 December 2015	**40,333**	**411,664**	**451,997**

The share capital in 2016 and 2015 consists of:
1 share at DKK 150m
1 share at DKK 60m
2 shares at DKK 30m each
1 share at DKK 15m
5 shares at DKK 3m each

Dividends distributed to shareholders in 2016 were EUR 0.0m (2015: EUR 0.0m).

Notes

EUR '000

1. Revenue

	2016	2015
Dividend received	34,837	13,405
Consultancy services provided to subsidiaries and royalties on the subsidiaries' use of the trademarks	18,413	16,980
	53,250	**30,385**

2. Staff costs

	2016	2015
Wages and salaries and other remuneration	1,128	1,172
Pension costs, defined contribution schemes	79	81
	1,207	**1,253**
Number of employees at 31 December	7	8
Average number of full-time employees	7	8
Excluding wages and salaries related to transfer of activity to Group company		
Remuneration of the Board of Directors, the Management and other senior executive		
Salaries and remunerations	515	1,516
Pension contributions	27	52
	542	**1,568**
Hereof Board of Directors and Management	542	1,133

Remuneration of the Board of Directors represents EUR 75k in 2016 (2015: EUR 116k).

Pension schemes

Pension schemes in Aalborg Portland Holding A/S are defined contribution schemes, which do not entail any obligations beyond payment of contributions.

3. Fees to the auditors appointed by the Annual General Meeting

	2016	2015
Total fees to KPMG are specified as follows:		
Statutory audit	37	37
Other assurance engagements	4	0
Tax and VAT advisory services	24	0
Other services	42	1
	107	**38**
Fees to other auditors	0	0

EUR ‘000

4. Financial income and expenses

	2016	2015
Financial income		
Interest, cash funds etc.	77	6
Interest, Group enterprises	630	705
Profit on sale of investments in subsidiaries	0	15
Exchange rate adjustments	416	1,221
	1,123	**1,947**
Interest on financial assets measured at amortised cost	630	711
Financial expenses		
Interest, credit institutions etc.	797	793
Interest, Group enterprises	1,289	97
Exchange rate adjustments	1,396	207
	3,482	**1,097**
Interest on financial obligations measured at amortised cost	1,617	890

5. Income tax

	2016	2015
Income tax		
Current tax on the profit for the year/joint taxation contribution	714	132
Deferred tax adjustment	-673	-7
Other adjustments, including previous years	-270	-131
	-229	**-6**
Taxes paid	**15,145**	**12,062**

According to legislation, the Parent Company is the administrative company of the compulsory Danish joint taxation.

	2016	2015
Reconciliation of tax rate		
Tax according to Danish tax rate 22.0% (2015: 23.5%)	7,107	3,276
Dividends received from subsidiaries and profits from sales	-7,664	3,150
Other, including adjustments previous years	786	-132
	229	**-6**
Applicable tax rate for the year	**1%**	**0%**
Income tax recognised directly as other comprehensive income	**0**	**0**
Total income tax	**229**	**-6**

EUR '000

6. Intangible assets

	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2016	0	148	0	148
Exchange rate adjustments	0	1	0	1
Additions	0	16	0	16
Cost at 31 December 2016	**0**	**165**	**0**	**165**
Amortisation at 1 January 2016	0	45	0	45
Amortisation for the year	0	28	0	28
Amortisation at 31 December 2016	**0**	**73**	**0**	**73**
Carrying amount at 31 December 2016	**0**	**92**	**0**	**92**
Cost at 1 January 2015	2,334	15,435	153	17,922
Transferred activity to Group company	-2,334	-15,319	-254	-17,907
Exchange rate adjustments	0	-35	0	-35
Additions	0	24	144	168
Reclassifications	0	43	-43	0
Cost at 31 December 2015	**0**	**148**	**0**	**148**
Amortisation at 1 January 2015	0	9,617	0	9,617
Transferred activity to Group company	0	-9,992	0	-9,992
Exchange rate adjustments	0	-22	0	-22
Amortisation for the year	0	442	0	442
Amortisation at 31 December 2015	**0**	**45**	**0**	**45**
Carrying amount at 31 December 2015	**0**	**103**	**0**	**103**

Other intangible assets include patens. Prior to the transfer of activity other intangible assets also included software licenses (SAP R/3), quarry rights, CO_2 quotas and development projects.
Except goodwill, all intangible assets have definite useful lives. The management has not identified factors indicating a need for carrying through impairment test of other intangible assets.
The development projects were included when transferring activity to the Group company in 2015.
Internally generated intangible assets, mainly regarding SAP implementation was included when transferring activity to the Group company.

EUR '000

7. Property, plant and equipment

	Land and buildings	Plant and machinery	Property, plant and equipment in development	Total
Cost at 1 January 2016	0	0	0	0
Cost at 31 December 2016	**0**	**0**	**0**	**0**
Depreciation and impairment at 1 January 2016	0	0	0	0
Depreciation and impairment at 31 December 2016	**0**	**0**	**0**	**0**
Carrying amount at 31 December 2016	**0**	**0**	**0**	**0**
Cost at 1 January 2015	110,196	374,394	7,568	492,158
Transferred activity to Group company	-109,949	-373,650	-16,933	-500,532
Exchange rate adjustments	-247	-843	-17	-1,107
Additions	0	4	9,477	9,481
Reclassifications	0	95	-95	0
Cost at 31 December 2015	**0**	**0**	**0**	**0**
Depreciation and impairment at 1 January 2015	74,884	289,762	0	364,646
Transferred activity to Group company	-75,805	-294,672	0	-370,477
Exchange rate adjustments	-168	-652	0	-820
Depreciation for the year	1,089	5,562	0	6,651
Depreciation and impairment at 31 December 2015	**0**	**0**	**0**	**0**
Carrying amount at 31 December 2015	**0**	**0**	**0**	**0**

	2016	2015
Depreciation and impairment during the year is included in the following items:		
Result of transferred activity to Group company	0	6,651
	0	**6,651**

The Parent Company has signed no essential contracts regarding purchase of property, plant and equipment. No changes are made in significant accounting estimates regarding property, plant and equipment.

EUR '000

8. Other non-current assets

	Investments in subsidiaries	Other non-current assets	Deferred tax assets	Total
Cost at 1 January 2016	566,688	0	7	566,695
Exchange rate adjustments	-192	0	0	-192
Additions	344,802	0	23	344,825
Disposals	-149,782	0	-30	-149,812
Cost at 31 December 2016	**761,516**	**0**	**0**	**761,516**
Carrying amount at 31 December 2016	**761,516**	**0**	**0**	**761,516**
Cost at 1 January 2015	479,202	180	0	479,382
Transferred activity to Group company	-4,715	-194	0	-4,909
Exchange rate adjustments	-1,384	0	0	-1,384
Additions	94,414	14	7	94,435
Disposals	-829	0	0	-829
Cost at 31 December 2015	**566,688**	**0**	**7**	**566,695**
Write-down 1 January 2015	821	0	0	821
Disposals	-821	0	0	-821
Write-down 31 December 2015	**0**	**0**	**0**	**0**
Carrying amount at 31 December 2015	**566,688**	**0**	**7**	**566,695**

Prior to transfer of activity to Group company other non-current assets mainly relate to deposits.

9. Deferred tax assets and deferred tax liabilities

	2016	2015
Change in deferred tax for the year		
Deferred tax liability at 1 January	-7	20,362
Currency adjustment	0	-46
Transferred activity to Group company	0	-20,316
Movements via income statement	673	-7
Deferred tax assets (-) / liabilities (+) at 31 December	**666**	**-7**
Deferred tax		
Current assets	2	23
Non-current and current liabilities	664	-30
Deferred tax at 31 December	**666**	**-7**

EUR ‘000

10. Trade receivables, other receivables and prepayments

	2016	2015
Development in provisions for impairment on trade receivables:		
Provision for impairment at 1 January	0	12
Transferred activity to Group company	0	-12
Provision for impairment at 31 December	**0**	**0**

All receivables are due within one year.

The carrying amount essentially corresponds to fair value.

No collateral has been received regarding trade receivables.

Other receivables include dividends etc. Until the transfer of activity to Group company other receivables comprise energy taxes etc.

Prepayments comprise insurance. Until the transfer of activity to Group company prepayments comprise prepaid rent and insurance etc.

11. Provisions

	2016	2015
Provisions at 1 January	0	3,552
Transferred activity to Group company	0	-3,523
Exchange rate adjustment	0	-8
Reversal	0	-21
Provisions at 31 December	**0**	**0**

Provisions were included in the transfer of activity to Group company.

Movements in last year include adjustment of other provisions.

EUR ´000

12. Credit institutions and other borrowings

Bank borrowings and credits in the Parent Company at 31 December:

	Year of maturity	Fixed/ variable	Carrying amount 2016	Carrying amount 2015
Financial payable Group enterprises	2017-2018	Variable	327,003	0
Bank borrowings and credits	2015-2018	Variable	0	50,038
			327,003	**50,038**

Fair values do not significantly deviate from the carrying amount.
The fair value corresponds to the nominal outstanding debt.

The Parent Company's debt to credit institutions has been recognised and falls due as follows:

	Non-current borrowings (> 1 year)	Current borrowings (0-1 year)	Total	Maturity > 5 years
31 December 2016:				
Financial payable Group enterprises	327,003	0	327,003	0
	327,003	**0**	**327,003**	**0**
Specification of contractual cash flows incl. interest:				
Financial payable Group enterprises	331,197	6,540	337,737	0
	331,197	**6,540**	**337,737**	**0**
31 December 2015:				
Bank borrowings and credits	50,000	38	50,038	0
	50,000	**38**	**50,038**	**0**
Specification of contractual cash flows incl. interest:				
Bank borrowings and credits	50,534	39	50,573	0
	50,534	**39**	**50,573**	**0**

The maturity analysis is based on all undiscounted cash flows including estimated payment of interest.
Payment of interest is estimated and based on the present market conditions.
Other financial liabilities are due within 1 year.

13. Other payables

Other current payables include holiday pay liabilities, taxes and public indirect taxes.

EUR ‘000

14. Contingent liabilities, contractual obligations and contingent assets

Contingent liabilities

The Parent Company is involved in a few disputes, lawsuits, etc. of various scopes, including a few tax disputes in some countries. No significant liabilities are considered to be incumbent on the Parent Company in that respect, and the outcome of the disputes is not expected to have significant impact on the Parent Company's financial position beyond what has been recognised in the balance sheet.

In 2016, contractual liabilities are EUR 0.0m (2015: EUR 0.8m).

The Parent Company is taxed jointly with other Danish companies in the Aalborg Portland Holding Group. As an administrative company, the Parent Company is jointly and unlimited liable with the other companies in the joint taxation of Danish taxes at source and income taxes within the joint taxation group. Payable income taxes in the joint taxation group amounted to EUR 2.8m at 31 December 2016. Any subsequent corrections of the taxable income subject to joint taxation could cause a higher liability of the Parent Company.

Operating leases	**2016**	**2015**
Aggregate future lease payments under non-cancellable operating leases:		
Falling due within one year	16	28
Falling due between one and five years	23	49
Falling due after more than five years	0	0
	39	**77**
Operating lease expenses recognised in the income statement	**16**	**19**

Operating leases are primarily related to car. These leases contain no special purchase rights, etc.

The Parent Company has no financial leasing liabilities.

EUR ´000

15. Related party transactions

Related parties with significant influence in Aalborg Portland Holding A/S:
- Cementir España S.L., Calle General Yagüe, Num. 13, 28020 Madrid, Spain
- Cementir Holding S.p.A., Corso di Francia, 200, 00191 Rome, Italy
- Caltagirone S.p.A., Via Barberini, 28, 00187 Rome, Italy

Related parties within Aalborg Portland Holding A/S comprise the enterprises' Board of Directors and Management together with family related to these persons.
Furthermore, related parties comprise enterprises in which the above-mentioned persons have significant interests.
Additionally, related parties include subsidiaries, cf. page 89, where the Parent Company has significant influence or exercises control.

Transactions with Cementir Holding S.p.A.:	2016	2015
- Intra-group management and administration agreements and royalties	11,523	9,779
- Financial items, net	1,227	0
- Payables	2,549	2,468
- Non-current financing	327,003	0
Transactions with other related parties:		
- Sale of cement and micro silica	0	0
- Intercompany management, administration agreements and shared service	13,144	11,240
- Financial items, net	567	608
- Trade and financial receivable	4,855	13,036
- Other receivables	150,000	0
- Trade and financial payables	137,630	0
- Capital increases in enterprises	0	45,540

Remunerations to the Board of Directors and the Management are presented in note 2.
No losses on loans to or receivables from related parties were recognised, nor provisions made for such in 2016 or 2015.
All transactions were made on terms equivalent to arm's length principles.

EUR '000

16. Financial risks and financial instruments

The Parent Company's most predominant currency exposure regarding the operating results arises from NOK. A 10% drop in NOK would, viewed separately, increase EBITDA by EUR 0.1m (2015: NOK amounted to EUR 0.1m).

Currency risks

Risks relating to net financing

The Parent Company's most important net positions at 31 December 2016 relate to cash positions in USD and NOK. If the USD and NOK had been 10% down at 31 December 2016, the Parent Company's equity would have been affected negatively by an exchange rate adjustment of EUR 0.5m (2015: EUR 1.8m). Rising exchange rates would have had a similar positive impact on equity.

Forward contracts regarding future transactions

The Group does not comply with the conditions for taking out hedge accounting of future cash flows from the sale of goods. In terms of the hedging of future investments, the Group assesses in each case whether these comply with the conditions for hedge accounting.

Open Parent Company forward contracts at 31 December are specified as follows:

2016

EURm	GBP	Total
Market value - forward contracts	0.0	**0.0**
Notional principal amount - forward contracts *	-2.3	**-2.3**

The forward contracts fall due in December 2017.

2015

EURm	NOK	GBP	USD	Total
Market value - forward contracts	0.0	0.0	0.0	**0.0**
Notional principal amount - forward contracts *	0.0	0.0	0.0	**0.0**

* For forward exchange contracts, positive notional values are purchases of the relevant currency, negative notional values are sales.

Interest rate risk

The Parent Company is included in the cash pool for the Group.

The Parent Company has no open swap contracts at 31 December.

Liquidity risks

Aalborg Portland Holding A/S has access to funding through the Cementir Holding facility which includes certain covenants.

The Parent Company acts as account holder of the Group's cash pool scheme and as bank in proportion to other intra-group loans. The purpose of the cash pool scheme is to optimise cash management and the use of liquidity in the participating companies.

Credit risks

Receivables from the Parent Company's activities are attributable to Danish and foreign Group companies. The Parent Company is familiar with customers, who have not been granted long credit lines.

EUR '000

16. Financial risks and financial instruments (continued)

Receivables overdue at 31 December are specified as follows:	2016	2015
EURm		
Payment:		
Up to 30 days	0.0	0.0
Between 30 and 90 days	12.1	0.0
More than 90 days	0.0	0.0
	12.1	**0.0**

The receivables written down are included at their net amounts in the above-mentioned table.

The Parent Company's trade receivables at 31 December 2016 and 31 December 2015 include no write-downs.

Regarding management of capital structure, reference is made to note 26 in the consolidated financial statements.

	2016		2015	
Specification of financial assets and obligations	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value in the income statement	0	0	0	0
Financial assets used as hedging instruments, level 2	0	0	0	0
Loans and receivables	201,262	201,262	37,667	37,667
Financial assets available for sale	0	0	0	0
Financial obligations measured at fair value in the income statement	0	0	0	0
Financial obligations used as hedging instruments, level 2	0	0	0	0
Financial obligations measured at amortised cost	469,813	469,813	150,592	150,592

Methods and assumptions on determination of fair values

In general, fair value corresponds to the carrying value, except for mortgage loans.

Financial instruments related to sale and procurement of goods etc. with a short credit period are measured at fair value corresponding to the carrying value.

Derivative financial instruments are computed on generally accepted valuation methods based on relevant exchange rates.

The methods used are unchanged compared to 2015.

17. Post-balance sheet events

There have been no post-balance sheet events material to this Annual Report which have not been recognised or mentioned.

18. Critical accounting policies as well as accounting estimates and judgements

Investments in subsidiaries are tested for impairment based on performed impairment tests of goodwill as described in note 9 in the consolidated financial statements.

EUR '000

19. Accounting policies

The Parent Company's financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.
Compared to the accounting policies applied in the consolidated financial statements (see Note 29 to the consolidated financial statements), the Parent Company's accounting policies only deviate in the following items:

Revenues

Dividends received from investments in subsidiaries and joint ventures are recognised as revenue in the Parent Company's income statement in the financial year in which the dividends are declared. To the extent that the distributed dividend exceeds the total comprehensive income of enterprises for the period when the decision to pay interim dividend is made, impairment test is carried out.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. In case of indication of impairment, impairment test is carried out as described in the accounting policies of the Group. If the carrying value exceeds the recoverable amount, write-down is made to this lower value.
On disposal of investments in subsidiaries, the difference between the sales price and the carrying amount (cost of the shares based on a weighted average) is recognised in the income statement at the date of disposal.

Musikkens Hus Aalborg - Denmark | Photographer Henning Bagger

4 SIGNATURES

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Aalborg Portland Holding A/S for the financial year 1 January – 31 December 2016.
The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016.
Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.
We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 2 March 2017

Executive Board

Francesco Caltagirone Jr
CEO

Henning Bæk
Executive Vice President, CFO

Board of Directors

Søren Vinther
Chairman

Francesco Caltagirone Jr

Marco Maria Bianconi

Alessandro Caltagirone
Vice Chairman

Francesco Gaetano Caltagirone

Massimo Angelo Sala

Azzura Caltagirone

KPMG

Independent auditor’s report

To the shareholders of Aalborg Portland Holding A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Aalborg Portland Holding A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity, cash flow statements and notes, including accounting policies, for the Group as well as for the Parent Company. The consolidated financial statements and parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

Basis for opinion

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

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

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

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

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

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these consolidated financial statements and parent company financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 2 March 2017

KPMG
Statsautoriseret Revisionspartnerselskab
CVR No 25 57 81 98

Benny Lynge Sørensen	Steffen S. Hansen
State Authorised Public Accountant	*State Authorised Public Accountant*

5 THE GROUP

Management

Board of Directors

Søren Vinther, *Chairman*
Alessandro Caltagirone, *Vice Chairman*
Azzura Caltagirone
Francesco Caltagirone Jr.
Francesco Gaetano Caltagirone
Marco Maria Bianconi
Massimo Angelo Sala

Executive Board

Francesco Caltagirone Jr., *CEO*
Henning Bæk, *Executive Vice President, CFO*

Nordic & Baltic

Piero Corpina, *CEO*

Aalborg Portland

Piero Corpina, *CEO*
Michael Lundgaard Thomsen, *Managing Director*
Henning Bæk, *Executive Vice President, CFO*

Unicon

Piero Corpina, *CEO*
Henning Bæk, *Executive Vice President, CFO*

Belgium

Taner Aykaç, *CEO*
Eddy Fostier, *General Manager*

Turkey

Paolo Zugaro, *CEO*

Overseas

Alessandro Civera, *Managing Director, Egypt*
Alex Narcise, *Managing Director, USA*
Erik Petersen, *Managing Director, Malaysia*
Ho Gib Ren, *Managing Director, China*

Companies in the Group			Nominal share capital (in 000)	Direct holding **	Minorities
Aalborg Portland Holding A/S	Denmark	DKK	300,000	-	
Aalborg Portland					
Aalborg Portland A/S	Denmark	DKK	100,000	100.0%	
Aalborg Portland Íslandi ehf.	Iceland	ISK	303,000	100.0%	
Aalborg Portland Polska Sp. z o.o.	Poland	PLN	100	100.0%	
Aalborg Portland OOO	Russia	RUB	14,700	100.0%	
Aalborg Portland France S.A.S.	France	EUR	10,010	100.0%	
Unicon					
Unicon A/S	Denmark	DKK	150,000	100.0%	
Unicon AS	Norway	NOK	13,289	100.0%	
Sola Betong AS*	Norway	NOK	9,000	33.3%	
AB Sydsten	Sweden	SEK	15,000	50.0%	50.0%
ÅGAB Syd AB*	Sweden	SEK	500	40.0%	
Everts Betongpump & Entreprenad AB	Sweden	SEK	100	100.0%	
Skåne Grus AB	Sweden	SEK	1,000	60.0%	40.0%
Ecol-Unicon Sp. z o.o.*	Poland	PLN	1,000	49.0%	
Kudsk & Dahl A/S	Denmark	DKK	10,000	100.0%	
Belgium					
Compagnie des Ciments Belges S.A., CCB	Belgium	EUR	329,344	100.0%	
De Paepe Béton N.V.	Belgium	EUR	500	100.0%	
Trabel Transports S.A.	Belgium	EUR	750	100.0%	
Trabel Affrètement S.A.	Belgium	EUR	62	100.0%	
Société des Carrières du Tournaisis S.C.T. S.A. ***	Belgium	EUR	12,297	65.0%	35.0%
Recybel S.A.	Belgium	EUR	99	25.5%	
Mixers at your Service NV	Belgium	EUR	976	18.0%	
Compagnie des Ciments Belges France S.A. (CCBF)	France	EUR	34,363	100.0%	
Overseas					
Sinai White Portland Cement Co. S.A.E.	Egypt	EGP	350,000	57.1%	42.9%
Aalborg Portland Malaysia Sdn. Bhd.	Malaysia	MYR	95,400	70.0%	30.0%
Aalborg Resources Sdn. Bhd.	Malaysia	MYR	2,544	100.0%	
Aalborg Portland (Australia) Pty. Ltd.	Australia	AUD	1	100.0%	
Aalborg Portland (Anqing) Co. Ltd.	China	CNY	265,200	100.0%	
Aalborg Portland U.S. Inc.	USA	USD	1	100.0%	
Aalborg Cement Company Inc.	USA	USD	1	100.0%	
Gaetano Cacciatore, LLC	USA	USD	N/A	100.0%	
Lehigh White Cement Company *	USA	USD	N/A	24.5%	
Vianini Pipe, Inc.	USA	USD	4,483	99.9%	0.1%
Turkey					
Aalborg Portland España S.L.U.	Spain	EUR	3	100.0%	
Cimentas AS	Turkey	TRY	87,112	97,8%	2.2%
Cimbeton AS	Turkey	TRY	1,770	50.3%	49.7%
Ilion Cimento Ltd	Turkey	TRY	300	100.0%	
Destek AS	Turkey	TRY	50	100.0%	
Kars Cimento AS	Turkey	TRY	3,000	58.4%	41.6%
Recydia AS	Turkey	TRY	551,544	87.8%	
Sureko AS	Turkey	TRY	43,444	100.0%	
Environmental Power International (UK R&D) Limited ("EPI")*	England	GBP	-	50.0%	
NWM Holdings Ltd	England	GBP	5,000	100.0%	
Neales Waste Management Ltd	England	GBP	100	100.0%	
Quercia Ltd.	England	GBP	5,000	100.0%	
Recydia AS	Turkey	TRY	551,544	12.2%	

* Joint ventures. Others are Group enterprises.
** Ownershare is stated as direct holding of the superjacent enterprise.
*** Pro rata consolidated.

The Company

Aalborg Portland Holding A/S
Rørdalsvej 44, P.O. Box 165, 9220 Aalborg Øst, Denmark
Tel.: +45 98 16 77 77
E-mail: cement@aalborgportland.com
Internet: www.aalborgportland.com
CVR No 14 24 44 41

Owners

Aalborg Portland Holding A/S is 75% owned by Cementir España S.L., Spain and 25% owned by Globo Cem S.L., Spain.

Aalborg Portland Holding A/S is included in the Group financial statements for Cementir Holding S.p.A., Italy and Caltagirone S.p.A., Italy.

Annual General Meeting

18 April 2017 at
Islands Brygge 43, Copenhagen.

Addresses

Aalborg Portland Holding Group

Aalborg Portland Holding A/S
Rørdalsvej 44
P.O. Box 165
9220 Aalborg Øst
Denmark
Tel. +45 98 16 77 77
Søren Vinther, *Chairman of the Board of Directors*
Executive Board:
Francesco Caltagirone Jr, *CEO*
Henning Bæk, *Executive Vice President, CFO*

Aalborg Portland

Aalborg Portland A/S
Rørdalsvej 44
P.O. Box 165
9220 Aalborg Øst
Denmark
Tel. +45 98 16 77 77
E-mail: cement@aalborgportland.com
Internet: www.aalborgportland.com
Søren Vinther, *Chairman of the Board of Directors*
Executive Board:
Piero Corpina, *CEO, Nordic & Baltic*
Michael Lundgaard Thomsen, *Managing Director*
Henning Bæk, *Executive Vice President*, *CFO*

Aalborg Portland Íslandi ehf.
Bæjarlind 4
201 Kópavogi
Iceland
Tel. +354 545 4800
Bjarni Ó. Halldórsson, *Managing Director*

Aalborg Portland Polska Sp. z o.o.
Ul. Targowa 24
03-733 Warsaw
Poland
Tel. +48 22 460 88 70+1
Tomasz Stasiak, *Managing Director*

Aalborg Portland OOO
Building V, Premise 61
Tambovskaya street, house 12
192007 St. Petersburg
Russia
Tel. +7 812 346 74 14
Alexey Tomashevskiy, *Managing Director*

Aalborg Portland France S.A.S.
36 rue de Turin
75008 Paris
France
Tel. +33 671 388 249
Jean-Fabien Criquioche, *Managing Director*

Unicon

Unicon A/S (head office)
Islands Brygge 43
P.O. Box 1978
2300 Copenhagen S
Denmark
Tel. +45 70 10 05 90
Søren Vinther, *Chairman of the Board of Directors*
Executive Board:
Piero Corpina, *CEO, Nordic & Baltic*
Henning Bæk, *Executive Vice President, CFO*

Unicon (Denmark)
Islands Brygge 43
2300 Copenhagen S
Denmark
Tel. +45 70 10 05 90
Søren Holm Christensen, *Managing Director*

Unicon AS (Norway)
Prof. Birkelandsvei 27b
1081 Oslo
Postal address:
P.O. Box 553 Sentrum
0105 Oslo
Norway
Knut L. Tiseth, *Managing Director*

AB Sydsten
Stenyxegatan 7
213 76 Malmö
Sweden
Tel. +46 40 31 1900
Peter Camnert, *Managing Director*

Ecol-Unicon Sp. z o.o.
ul. Równa 2
80-067 Gdańsk
Poland
Tel. +48 58 306 5678
Wojciech Falkowski, *Managing Director*

Kudsk & Dahl A/S
Vojensvej 7
6500 Vojens
Denmark
Tel. +45 74 54 12 92
Søren Holm Christensen, *Managing Director*

Belgium

Compagnie des Ciments Belges S.A.
Grand'Route, 260
7530 Gaurain-Ramecroix
Belgium
Tel. + 069 25 25 11
Taner Aykaç, *CEO*
Eddy Fostier, *General Manager*

Turkey

Cimentas İzmir Çimento Fabrikası Türk A.Ş.
Kemalpaşa Caddesi NO:4
35070 Izmir
Turkey
Tel. +90 232 472 10 50
Paolo Zugaro, *CEO*

Overseas

Sinai White Portland Cement Co. S.A.E.
604 (A), El-Safa Street
New Maadi
Cairo
Egypt
Tel. +202 2754 2761-3
Alessandro Civera, *Managing Director*

Aalborg Portland Malaysia Sdn. Bhd.
Lot 75244, Pinji Estate, Lahat
P.O. Box 428
30750 Ipoh
Perak
Malaysia
Tel. +60 5 321 8988
Erik Petersen, *Managing Director*

Aalborg Portland (Anqing) Co. Ltd.
Guanbing, Yangqiao Town of Anqing
246000 Anqing, Anhui
PR China
Tel. + 86 556 536 7733
Ho Gib Ren, *Managing Director*

Aalborg Portland U.S. Inc.
P.O. Box 678
Somerville, NJ 08876
USA
Tel. +1 908 534 4021
Alex Narcise, *Managing Director*

Lehigh White Cement Company
7660 Imperial Way,
Allentown, PA 18195
USA
Tel. +1 610 366 4600
Gary Milla, *General Manager*

Gaetano Cacciatore, LLC
P.O. Box 678
Somerville, NJ 08876
USA
Tel. +1 908 534 4021
Alex Narcise, *Managing Director*

Vianini Pipe, Inc.
P.O. Box 678
Somerville, NJ 08876
USA
Tel. +1 908 534 4021
Alex Narcise, *Managing Director*

Aalborg Portland Holding A/S

Rørdalsvej 44, P.O. Box 165 | 9220 Aalborg Øst, Denmark
Tel.: +45 98 16 77 77
cement@aalborgportland.com
www.aalborgportland.com
CVR No 14 24 44 41

Design, Layout and Printing

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RICERCHE
CONSULENZE