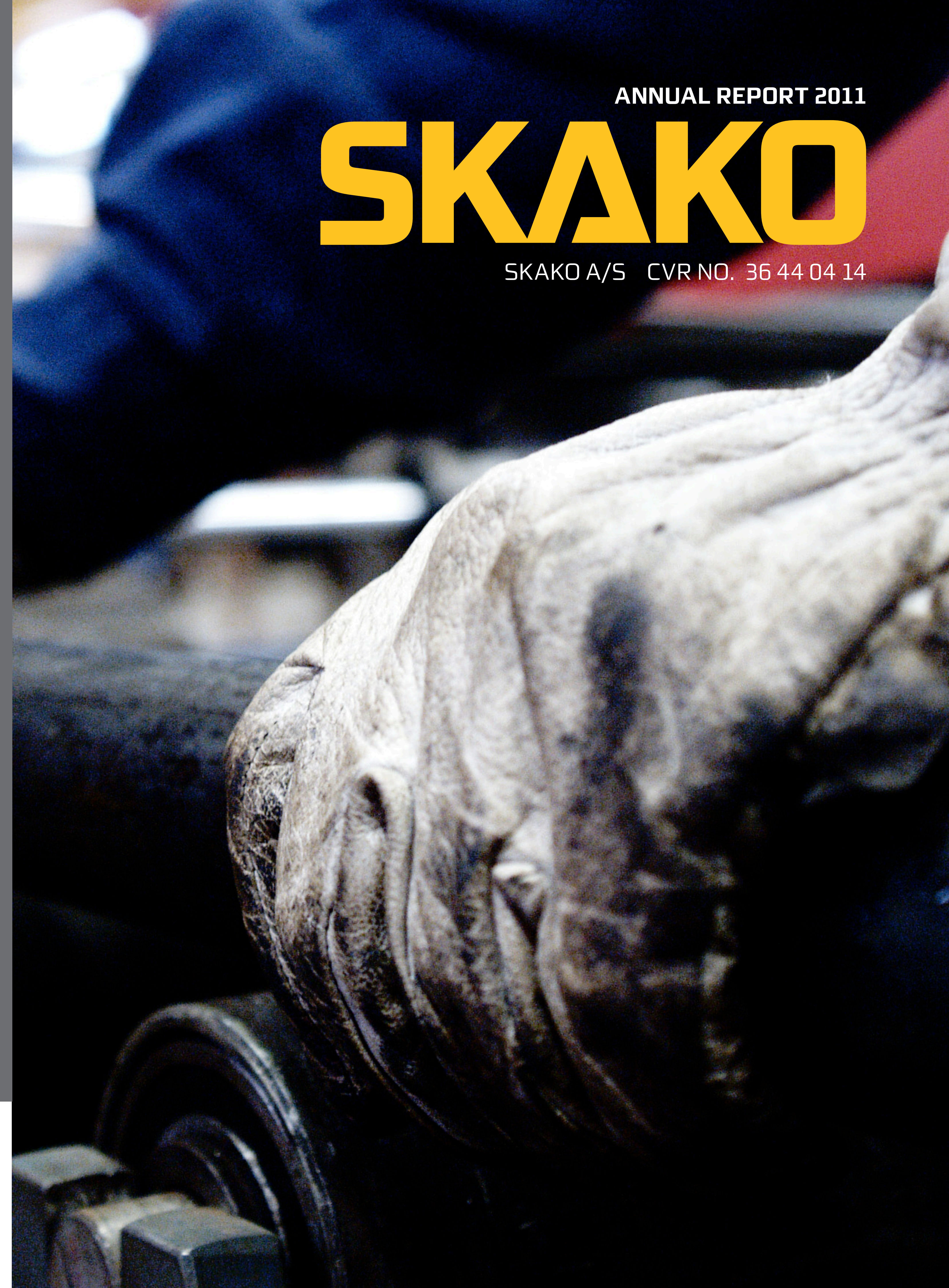
SKAKO

SKAKO A/S
Bygmestervej 2 • DK-5600 Faaborg
Tel. +45 63 11 38 60
skako.dk@skako.com • www.skako.com



ANNUAL REPORT 2011

SKAKO

SKAKO A/S CVR NO. 36 44 04 14

ANNUAL REPORT 2011

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SKAKO A/S COMPANY CVR NO. 36 44 04 14

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THIS IS A TRANSLATION OF THE OFFICIAL DANISH ACCOUNTS. IN CASE OF DISCREPANCIES BETWEEN THE ORIGINAL DANISH WORDING AND THE ENGLISH TRANSLATION, THE DANISH TEXT SHALL PREVAIL.

COMPANY INFORMATION

SKAKO A/S
BYGMESTERVEJ 2
DK-5600 FAABORG
TEL. +45 63 11 38 60
FAX: +45 63 11 38 70
E-MAIL: SKAKO.DK@SKAKO.COM
WEB: WWW.SKAKO.COM
COMPANY REG. NO. 36 44 04 14
REGISTERED OFFICE: FAABORG-MIDTFYN, DENMARK

THE BOARD OF DIRECTORS:

KAARE VAGNER (CHAIRMAN)
BORN IN 1946

MANAGERIAL POSITIONS IN OTHER COMPANIES:

MEMBER OF THE BOARD OF THE COMPANY SINCE 2010
CHAIRMAN OF THE BOARD:
ERRIA A/S
Strandøre Invest A/S
DEPUTY CHAIRMAN:
Mols-Linien A/S
Nunaminerals A/S
BOARD MEMBER:
Fyns Shipping I ApS
Fyns Shipping II ApS
Riegens A/S
Riegens Invest A/S
Investment Committee K/S LDI Vietnam Fond (member)
Mermaid Safety Services Ltd
OTHER POSITIONS:
N&V Holding ApS, Director

CHRISTIAN HERSKIND (DEPUTY CHAIRMAN)
BORN IN 1961

MEMBER OF THE BOARD OF THE COMPANY SINCE 2009
CHAIRMAN OF THE BOARD:
Sumisura A/S
DEPUTY CHAIRMAN:
Mannaz A/S
Fonden Soldaterlegatet
BOARD MEMBER:
COOR Service Management A/S (commissioned)
OTHER POSITIONS:
Refshaleøen Holding A/S, Managing Director
Refshaleøens Ejendomsselskab A/S, Managing Director
REDA A/S, Managing Director
Britannia Invest A/S, CEO
Mars & Merkur, President
Herskind Venture Capital Aps, Director

THE BOARD OF DIRECTORS:

PER HAVE
BORN IN 1957

MANAGERIAL POSITIONS IN OTHER COMPANIES:

MEMBER OF THE BOARD OF THE COMPANY SINCE 2009
BOARD MEMBER:
Sauer-Danfoss Inc.
Danfoss Murmann Holding A/S
Danfoss Holding Inc.
BMC Holding, Nordborg A/S
BMC Invest A/S
BMC Ventures A/S
Sønderborg Havneselskab A/S
Universe Fonden
OTHER POSITIONS:
Danfoss Group, CFO
Bitten og Mads Clausen's Fond, CEO

JENS WITTRUP WILLUMSEN
BORN IN 1960

MEMBER OF THE BOARD OF THE COMPANY SINCE 2010
CHAIRMAN OF THE BOARD:
Air Greenland A/S
Mediehuset Ingeniøren A/S
Index Design Awards A/S
Copenhagen Wine A/S
Open Copenhagen
Sumisura A/S
DEPUTY CHAIRMAN:
Visit Denmark
BOARD MEMBER:
Charlotte Sparre A/S
Brinkmann Company A/S
Aqualife A/S
P/F Atlantic Airways
Dansk Danse Teater

THE BOARD OF DIRECTORS:

MANAGERIAL POSITIONS IN OTHER COMPANIES:

HENRIK ØSTENKJÆR LIND
BORN IN 1975

MEMBER OF THE BOARD OF THE COMPANY SINCE 2011
CHAIRMAN OF THE BOARD:
Danske Commodities A/S
Lind Capital A/S
Cornerstone Properties Germany Holding A/S
Kristensen Partners III A/S
BOARD MEMBER:
Dbh Technology A/S
Hemonto A/S
Aros Capital Partners Holding ApS
4U Development
OTHER POSITIONS:
Danske Commodities A/S, founder/CEO
Aros Investments Holding ApS, Director

EXECUTIVE BOARD:

LARS BUGGE
BORN IN 1960

CEO SINCE 1 JUNE 2010
BOARD MEMBER:
Vald. Birn Jernstøberier A/S
Knud Wexøe A/S

CARL CHRISTIAN GRAVERSEN
BORN IN 1955

CFO SINCE 1 JUNE 2010

MANAGEMENT REPORT, CONTINUED

HIGHLIGHTS AND KEY FIGURES FOR THE GROUP

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HIGHLIGHTS	**2011**	**2010**	**2009**	**2008**	**2007**
Net turnover	44,806	42,562	55,770	98,920	85,311
Gross profit	10,301	8,197	5,636	15,478	16,363
Profit on primary operations	2,194	-1,979	-8,421	574	4,523
Profit on financial items	-541	-637	-57	-241	171
Profit before tax	1,652	-2,617	-8,478	333	4,694
Profit for the year on continuing operations	1,168	-2,929	-8,583	-2,169	-843
Profit for the year on discontinued operations	-5,403	-4,885	-	-	-
NET PROFIT FOR THE YEAR	**-4,235**	**-7,814**	**-8,583**	**-2,169**	**-843**
Non-current assets	10,350	10,761	11,712	11,177	7,678
Current assets	23,011	30,259	40,642	52,526	60,515
Assets held for sale	2,379	-	-	-	-
TOTAL ASSETS	**35,740**	**41,020**	**52,354**	**63,703**	**68,194**
Share capital	3,277	6,118	6,118	6,118	6,118
EQUITY	**8,813**	**12,709**	**20,440**	**29,196**	**34,230**
Non-current liabilities	5,532	4,169	4,504	1,799	1,293
Current liabilities	19,021	24,143	27,409	32,708	32,670
Liabilities concerning assets held for sale	2,375	-	-	-	-
Net interest-bearing debt	7,274	7,533	6,931	-2,398	-12,282
Net working capital (NWC)	6,708	9,751	15,954	17,468	16,573
Investments in property, plant and equipment	996	131	2,040	6,792	819
Depreciation on property, plant and equipment	717	791	768	502	645
Cash flow from operations	424	4,053	-7,706	-1,566	2,944
Cash flow from investment	-192	4,824	184	-1,758	3,086
FREE CASH FLOW	**232**	**8,877**	**-7,522**	**-3,324**	**6,030**
Cash flow from financing	1,473	-508	4,680	-2,794	-6,161
TOTAL CASH FLOWS	**1,705**	**8,369**	**-2,842**	**-6,118**	**-132**
AVERAGE NUMBER OF EMPLOYEES	**191**	**281**	**352**	**422**	**377**

KEY FIGURES	**2011**	**2010**	**2009**	**2008**	**2007**
Net profit ratio	4.9%	-13.1%	-15.1%	0.6%	5.3%
Liquidity ratio	121.0%	125.3%	148.3%	160.6%	185.2%
Solvency ratio	24.7%	31.0%	39.0%	45.8%	50.2%
Return on equity	-39.4%	-47.1%	-34.6%	-6.8%	-2.2%
NWC/Turnover	15.0%	18.5%	28.6%	17.7%	19.4%
Earnings per share (EPS), DKK	-14.1	-26.1	-28.6	-7.1	-2.8
Book value per share, year end, DKK	28.8	41.5	66.8	95.4	111.9
Market price, year end, DKK	17	26	44	100	172
Dividend per share, DKK	0.00	0.00	0.00	0.00	7.50
Distribution ratio	0.0%	0.0%	0.0%	0.0%	-272.2%
Price/Book value (P/BV)	0.6	0.6	0.7	1.0	1.5

Comparison figures for discontinued operations have been adjusted in the income statement and cash flows for 2010; other comparison figures have not been adjusted.

HIGHLIGHTS AND KEY FIGURES FOR THE GROUP, CONTINUED

CALCULATION OF KEY FIGURES

The figures stated in the overview of highlights and key figures are calculated as follows:

Net interest-bearing debt:	Liabilities to credit institutions, leasing debt and convertible bonds, less deposits on bank accounts and interest-bearing receivables.
Net profit ratio:	Profit on primary operation x 100 / Net turnover
Liquidity ratio:	Current assets, year end x 100 / Current liabilities, year end
Solvency ratio :	Equity excl. minority interests, year end x 100 / Total assets, year end
Return on equity:	Group share of profit for the year x 100 / Average equity, excl. minority interests
NWC/Turnover:	NWC at year end / Turnover
Earnings per share (EPS):	Group share of profit for the year / Average number of outstanding shares
Book value per share, year end	Equity excl. minority interests, year end / Number of shares, year end
Market price, year end:	Price of listed shares, year end
Dividend per share, DKK:	Dividend percentage x nominal share value / 100
Distribution ratio:	Dividend in DKK x 100 / Group share of profit for the year
Current price per DKK earnings (P/E):	Market price, year end / Current EPS
Price/Book value (P/BV):	Market price, year end / Internal book value, year end

Earnings per share (EPS) is calculated in accordance with IAS 33.

SUMMARY

THE YEAR IN BRIEF

- In 2011, the Group's continuing segments generated a profit and showed increasing levels of activity with turnover rising by 5% and orders up 24% on the previous year. Turnover totalled mEUR 44.8 compared to mEUR 42.6 in 2010.

- To reinforce the continued development of the SKAKO Group, new capital in the amount of mEUR 2.1 was injected in December 2011, comprising mEUR 1.7 in convertible bonds and mEUR 0.4 in newly subscribed shares.

- In 2011, the SKAKO Group sold off the operations in SKAKO lift. This segment is therefore presented as discontinued. Profits for the Group in 2011 were negatively impacted by the performance and discontinuation of the Lift operations.

PROFITS

- The Group's continuing segments generated a profit on primary operations (EBIT) of mEUR 2.2 compared to a loss of mEUR 2.0 in 2010. Profit before tax totalled mEUR 1.7 compared to a loss of mEUR 2.6 in 2010.

- The Group's discontinued segment generated a loss before tax of mEUR 5.4 compared to a pre-tax loss of mEUR 4.9 in 2010.

- The consolidated result for the SKAKO Group after tax was a loss of mEUR 4.2 compared to a loss of mEUR 7.8 in 2010.

- The result for the year is in line with the expectations of a pre-tax loss stated in company announcement no. 14/2011, issued on 27 October 2011.

- The Group's consolidated cash flow is positive in the amount of mEUR 2.3 comprising a positive cash flow of mEUR 1.7 from the Group's continuing operations and a positive cash flow of mEUR 0.6 from the Group's discontinued operations.

- The Board of Directors considers the consolidated result to be unsatisfactory.

- On the basis of the result for the year, the Board proposes that no dividend be paid for 2012.

EXPECTATIONS

- The positive market development experienced in 2011 for the continuing segments – Concrete and Vibration – is expected to continue in 2012, and the Group expects to generate positive profits over the coming financial year.

ACCOUNTING PRINCIPLES

The annual report is submitted in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU.

FINANCIAL DEVELOPMENT OF THE GROUP

In 2011, the SKAKO Group sold off the activities in SKAKO lift. This segment is therefore presented as discontinued. The profits for the Group in 2011 were negatively affected by the operations in the Lift segment.

The SKAKO Group will, in future, operate actively within two continuing business segments:
- SKAKO Concrete – Machinery and complete plants for the production of concrete
- SKAKO Vibration – Vibration equipment for industrial use

CONTINUING BUSINESS SEGMENTS (SKAKO CONCRETE AND SKAKO VIBRATION)

In 2011, the SKAKO Group experienced a rising level of activity within its continuing business segments. Turnover increased by 5% and orders received rose by 24% in relation to the previous year. Turnover totalled mEUR 44.8, compared to mEUR 42.6 in 2010. Exports accounted for 93% of the turnover.

Turnover was distributed between the Group's two business segments as follows: mEUR 26.9 from Concrete plants and mEUR 18.9 from Vibration equipment. These figures represent changes of -1% and +20% respectively.

The continuing segments generated a profit on primary operations (EBIT) of mEUR 2.2 compared to a loss of mEUR 2.0 in 2010. The individual segments contributed mEUR 3.2 (Vibration equipment) and mEUR -0.2 (Concrete plants). The contribution from the parent company amounted to mEUR -0.9. The corresponding figures for 2010 were mEUR 1.3, mEUR -1.8 and mEUR -1.4, respectively.

For a more detailed description of the results generated by the individual segments, see the section entitled "Development in the Group's segments".

DISCONTINUED OPERATIONS (SKAKO LIFT)

In August 2011, a deal was agreed to sell the operation Falcon Spider with effect from 1 September 2011, and in September 2011 the Group concluded an agreement for the sale of its Denka trailerlift operations. Information about these deals was published in company announcement no. 10 of 24 August 2011, and no. 12 of 19 September 2011. Operations continued until the end of February 2012 to complete a limited number of personnel lifts on contracts that were not transferred under the agreements concerning sale of the operations. The Group will be seeking to sell the American subsidiary in 2012.

Turnover totalled mEUR 8.5 compared to mEUR 10.1 in 2010. The result before tax was a loss of mEUR 5.4 compared to a pre-tax loss of mEUR 5.0 in 2010. The result was negatively affected by expenses associated with discontinuation of operations.

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FINANCIAL DEVELOPMENT OF THE GROUP, CONTINUED

THE GROUP

SKAKO A/S has decided to cease its High Court Action concerning tax deductions for bonuses paid to the company's director in the years 2000–2003. Following the decision of the Danish High Court in the Symbion proceedings, SKAKO is of the opinion that the SKAKO case would bee decided in favour of the Danish Tax Authorities (SKAT). The decision has no impact on profits.

The consolidated result for the Group after tax was a loss of mEUR 4.2 compared to a loss of mEUR 7.8 in 2010.

The Board of Directors considers the consolidated result to be unsatisfactory.

The loss for the year is in line with the expectations of a pre-tax loss stated in company announcement no. 14/2011, issued on 27 October 2011.

The Group's consolidated cash flow is positive in the amount of mEUR 2.3 comprising a positive cash flow of mEUR 1.7 from the Group's continuing operations and a positive cash flow of mEUR 0.6 from the Group's discontinued operations.

Group equity at 31 December 2011 totals mEUR 8.8 compared to mEUR 12.7 at year end 2010. The difference is primarily attributable to the loss for the year.

To reinforce the continued development of the SKAKO Group, new capital in the amount of mEUR 2.1 was injected in December 2011, comprising mEUR 1.7 in convertible bonds and mEUR 0.4 in newly subscribed shares.

At 31 December 2011, the Group's balance sheet total was mEUR 35.7 compared to mEUR 41.0 at year end 2010. The Group's net interest-bearing liabilities amounted to mEUR 7.3 at 31 December 2011, as against mEUR 7.5 at the end of 2010.

The Group's solvency ratio at year end 2011 was 24.7%, compared to 31.0% at year end 2010.

CHANGE IN MANAGEMENT

At the Extraordinary General Meeting in the company held on 10 November 2011, Henrik Østenkjær Lind was voted onto the Board, replacing Torben Nørgaard Hansen, who wished to step down.

THE GROUP'S STRATEGY

SKAKO A/S is active in two segments:

- Machinery and complete plants for the production of concrete – SKAKO Concrete
- Vibration equipment for industrial use – SKAKO Vibration

These two segments are in different phases from the perspectives of both business and development. For this reason, the Group is operating separate strategies for each segment.

Machinery and complete plants for the production of concrete constitute the primary area of focus for SKAKO, which operates a production facility in Lille, France, and sales and project planning offices in Faaborg, Denmark. The company is largely a project sales and engineering business, where significant portions of the production processes for steel constructions are outsourced to an international network of authorised subcontractors.

Work has begun to implement standardisation and new development of the segment's product range, and to co-ordinate sales and marketing input worldwide. As a part of the newly launched restructuring project, the two companies will now be marketed under the same brand: SKAKO Concrete.

In 2009 and 2010, the segment suffered substantial negative impact from the financial crisis and the associated sharp decline in the conventional markets of Western and Southern Europe. The level of expenditure has now been adapted to the lower level of activity, and the company has ramped up its sales initiatives targeted at markets outside the EU. These measures have already had an effect, reducing dependence on the European markets in 2011. This development will continue over the coming years, such that SKAKO Concrete expects to increase its shares of new growth markets in Russia, South-East Asia, Australia, South America and the Arabian peninsula. Against a background of rapid economic development, these markets are introducing more stringent building regulations that are sure to result in a rise in demand for quality suppliers of concrete plants.

The segment for **Vibration equipment for industrial use** has production facilities in Faaborg, Denmark, and Strasbourg, France, and is based on application know-how and technology developed in-house.

The segment develops, designs and sells vibration equipment for industrial uses. The market is cultivated on the basis of a niche strategy, where the target group comprises businesses in selected segments that use vibration equipment for industrial purposes. Traditionally, geographical coverage has comprised the principal markets of the EU and North Africa.

It has now been decided that SKAKO Vibration is to sell its solutions to other geographical markets. Over the coming years, the company will therefore develop its geographical sales organisation to cover a range of selected markets outside the existing main markets so as to ensure continued growth in turnover.

DEVELOPMENT IN THE GROUP'S SEGMENTS

SKAKO CONCRETE

CONCRETE PLANTS

The concrete segment comprises the development, marketing and delivery of machinery and complete plants for the production of concrete – both ready-mix concrete and concrete for the production of concrete elements, pipes, paving tiles, roofing tiles, and so on.

The company operates production facilities in Faaborg, Denmark, and Lille, France. In 2010 and 2011, SKAKO transferred a substantial majority of its production operations to Lille, where a new factory was opened in 2009.

Turnover totalled mEUR 26.9 compared to mEUR 27.2 in 2010.

The result before tax was a loss of mEUR 0.6 compared to a pre-tax loss of mEUR 2.4 in 2010, which is considered unsatisfactory.

The result after tax was a loss of mEUR 0.2 compared to a loss of mEUR 2.3 in 2010.

The continued low level of activity at the start of 2011 necessitated a minor adaptation of the organisation in France. The average number of employees in the segment totalled 119 in 2011, down from 151 in 2010.

SKAKO Concrete is not expected to undergo additional structural adaptations in 2012.

A modest increase in the building and construction industry in the EU is expected in 2012. The markets of Southern Europe, such as Spain and Italy, are expected to remain affected by difficult market conditions, which will translate into very low sales of plants. However, SKAKO Concrete's primary market – France – is expected to develop positively in relation to 2011. After an 18-month period of almost complete stagnation, orders in France in December 2011 and the first months of 2012 showed satisfactory development.

SKAKO Concrete's other principal market – Scandinavia – developed positively in 2011, and this trend is expected to continue in 2012. Finally, the North American market showed very positive development towards the end of 2011, in contrast to the very low level of activity it had recorded over the previous two years. This development is expected to continue in 2012.

In 2012, in the same way as in 2011, SKAKO Concrete will continue to focus on new markets outside the EU. These will include Russia, South-East Asia, Australia, South America and the Arabian peninsula, where the company has established – and will continue to establish – partnerships with local operators. At the same time, the company will cultivate the markets of Australia, South-East Asia and South America more intensively, and 2012 is expected to bring major orders from these new markets.

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DEVELOPMENT IN THE GROUP'S SEGMENTS, CONTINUED

Since the construction boom peaked in 2008, SKAKO concrete has succeeded in increasing its turnover outside the EU at the same time as orders within the EU declined. The company saw an upturn in orders from the EU in 2011, along with an increase in the flow of orders from markets outside the EU. The company's dependence on the market conditions of the traditional markets of Western Europe has therefore been appreciably reduced since 2008. This development is expected to continue over the coming years, and should thus generate a broader base of sales for the segment – and one that is less sensitive to market conditions.

The company is still working to optimise production of mixers and other strategic equipment at the factory in Lille. In 2012, increased focus will be applied to expanding geographical sourcing so as to ensure local presence and achieve savings in time and logistical expenses.

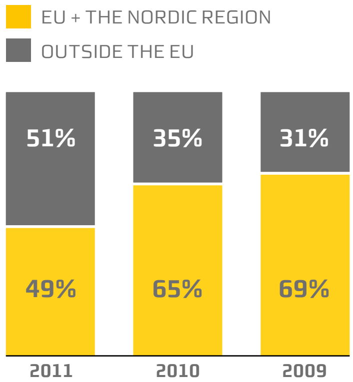
Since the middle of 2011, the management has been ramping up input within the development of new products and processes. This work is expected to reinforce the company's leading position on its markets in the immediate future.

DEVELOPMENT IN THE GROUP'S SEGMENTS, CONTINUED

For a more detailed description of the company's history, business areas, products, etc. visit the SKAKO website at: **www.skako.com**

SKAKO CONCRETE mEUR	2011	2010	2009
Turnover	26.9	27.2	29.9
Profit on primary operations	-0.2	-1.8	-2.2
Profit before tax	-0.6	-2.4	-2.5
Net profit for the year	-0.2	-2.3	-3.0
Equity, year end	2.0	2.0	4.2
Total assets	20.4	20.6	26.3
Average number of employees	119	151	189

SKAKO CONCRETE
TURNOVER BY MARKETS



VIBRATION EQUIPMENT

SKAKO Vibration develops, designs and sells vibration machinery and installations for industrial use.

The segment operates production facilities in Faaborg, Denmark, and Strasbourg, France.

Following a minor adaptation of the organisation in 2008 and 2009 to accommodate a slight fall in the level of activity, the company experienced a strong rise in demand, which began in autumn 2010 and continued undiminished into the first six months of 2011. The inflow of orders during the second half of the year was somewhat lower, but showed a rising trend towards the end of the year.

Turnover totalled mEUR 18.9 in 2011, compared to DKK 15.8 in 2010. Of this, trade with companies linked to the Group accounted for 5.4%, compared to 3.0% in 2010.

The positive development in turnover resulted in improved utilisation of capacity and led to unusually high productivity in 2011. As a result, the company generated a pre-tax profit of mEUR 3.1 compared to a profit of mEUR 1.1 in 2010. This is considered very satisfactory, and is actually the best result in the history of the segment.

The average number of employees in the segment totalled 66 in 2011, up from 59 in 2010.

The market is cultivated on the basis of a niche strategy, where the target group comprises businesses in selected segments that use vibration equipment for industrial purposes.

DEVELOPMENT IN THE GROUP'S SEGMENTS, CONTINUED

The financial year 2011 was positively affected by developments in the German automotive industry, which experienced solid growth. This, in turn, resulted in new investments and capacity expansions among its subcontractors – which constitute the core customer base of SKAKO Vibration. The hardware and foundry segments were also positively affected by this development, which is expected to continue in 2012. The environmental segment likewise developed very positively, but still accounts for a relatively small proportion of the turnover.

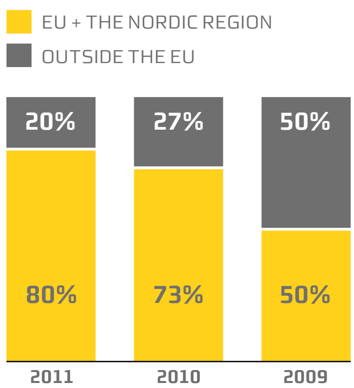
Mining and quarrying, which make up SKAKO Vibration's primary area of business, developed positively in Northern Europe, and the French market maintained a satisfactory level. Results from the North African market, which is distinguished by large individual orders, were disappointing in the wake of a record year in 2009 and a reasonable level in 2010. The trend is expected to turn in 2012, and the incoming order level has already developed positively during the first months of the year.

Over the coming years, the company will be focusing more intently on expanding geographical coverage, which is currently centred on Western Europe and the French-speaking countries of North Africa. SKAKO Vibration has decided to focus intensively on a selected number of geographical markets outside its conventional sphere of operations. Over the first few years, investments in market development will have a negative impact on profits, so expectations for 2012 point to a reasonably positive result, although not on a par with the record year of 2011.

For a more detailed description of the company's business areas, products, etc. visit the SKAKO website at: **www.skako.com**

SKAKO VIBRATION mEUR	2011	2010	2009
Turnover	18.9	15.8	15.4
Profit on primary operations	3.2	1.3	0.4
Profit before tax	3.1	1.1	0.3
Net profit for the year	2.3	0.8	0.2
Equity, year end	8.9	7.3	6.5
Total assets	14.7	13.5	12.5
Total full-time employees	66	59	63

SKAKO VIBRATION
TURNOVER BY MARKETS



DEVELOPMENT IN THE GROUP'S SEGMENTS, CONTINUED

DISCONTINUED OPERATIONS

PERSONNEL LIFTS

SKAKO Lift, which develops, manufactures and markets personnel lifts, has experienced difficulties since the company's factory in Holbæk, Denmark, was merged with the factory in Odense, Denmark, in 2009. In parallel with this move, the decision was made to outsource large parts of the company's production to China and Eastern Europe. Commissioning problems in connection with the move and the outsourcing had a negative impact on the accounts for 2009 and 2010. There were indications of improvements following a change of management in autumn 2010, but in the spring of 2011 it became clear that on account of major delays and quality problems with sourcing from China in particular – along with a number of internal issues – the company would not reach its break-even point by the end of the financial year.

As there are no commercial synergies with the other SKAKO business areas, the management of SKAKO A/S therefore decided to put the company up for sale, and the H1 interim report in 2011 listed SKAKO Lift as a discontinued operation.

This resulted in the selling off of the Falcon Spider activity in August 2011. This business was taken over by the management. In September, the company sold the Denka Trailerlift operations to a group of investors from Zealand, Denmark, who wished to return the business to Holbæk.

In the autumn of 2011 and the first two months of 2012, the company was still active, working to finalise a limited number of personnel lifts to complete contracts that were not taken over as a part of the operation deals. All production operations have ceased from the end of March 2012.

SKAKO Lift still owns a sales and service company in Houston in the United States. It is expected that this company, which accounts for five and a half full-time employees, will be sold in 2012. The company generated a loss in 2011 but did not place demands on Group liquidity.

The result for the segment before tax was a loss of mEUR 5.4 in 2011, compared to a loss of mEUR 5.0 in 2010.

This result is attributable to unsatisfactory operation as well as discontinuation expenses including impairment losses on stocks and receivables, and must be considered highly unsatisfactory.

The two assets deals have been carried out with vendor financing, where the financing in connection with the Falcon Spider deal was paid in full at the end of January 2012. Denka Trailerlift, which was sold to Denka Lift Danmark A/S in September 2011, filed for bankruptcy in March 2012, and provisions have therefore been made in the 2011 accounts for residual receivables. The overall uncertainty regarding the net assets in SKAKO Lift Inc. amounts to an EBIT impact of no more than mEUR 0.4 and no further injection of capital from SKAKO A/S is considered necessary. With the exception of a possible operational loss for the first quarter of 2012 attributable to the production operations that are to cease at the end of March 2012, and uncertainty regarding the net assets in SKAKO Lift Inc., the Lift operations are not expected to generate any further negative impact.

CORPORATE GOVERNANCE

The Board continuously evaluates the recommendations for good corporate governance, and assesses the extent to which the recommendations should be implemented within the company. According to the recommendations, it is acceptable to exercise corporate governance in a manner other than in accordance with the recommended guidelines, as long as the company explains the background for the deviation ("comply or explain" principle).

The company has chosen to publish a single, consolidated report on corporate governance on the company's website at the direct address
http://www.skako.com/Webnodes/en/Web/COMMON/Investor+Relations/Stamdata
and under the designation of "Statutory report on corporate governance 2011, cf. § 107 b of the Danish Financial Statements Act". This statutory report constitutes a part of the present management report.

REPORT ON THE KEY ELEMENTS IN THE GROUP'S INTERNAL CONTROLS AND RISK MANAGEMENT IN CONNECTION WITH THE ACCOUNTS PRESENTATION PROCESS

The Board of Directors and the Executive Board have overriding responsibility for the Group's risk management and internal control in connection with the accounts presentation process, including responsibility for compliance with relevant legislation and other regulations pertaining to this area.

The overriding risk assessment and establishment of internal controls is deployed within SKAKO A/S, while the practical implementation is performed in collaboration with the Group's operating companies.

With a view to ensuring a high level of quality in the Group's financial reporting, the management has adopted a range of procedures and guidelines for the presentation of accounts and internal controls, which are to be followed by the Group's subsidiaries in their reporting processes. These include

- Monthly follow-up on goals and results achieved in relation to approved budgets and quarterly estimates of profits, balance sheets, cash flows and key figures
- Ongoing follow-up on projects, including risk management and the accounts-related processing of same
- Reporting instructions
- Instructions for closing accounts

The Group's risk management and internal control systems in connection with the accounts presentation process can only provide reasonable – but not absolute – certainty that the inappropriate use of assets, losses and/or significant faults and defects in connection with the presentation of the accounts have been avoided.

The Board of Directors and the Executive Board continuously assess significant risks and internal controls in connection with the Group's operations, along with the potential influence of same on the accounts presentation process.

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The audit committee, which comprises the entire Board of Directors, continuously monitors the accounts presentation process and the sufficiency and efficiency of the internal controls established, including new accounting standards, accounting principles and accounting estimates.

AUDITORS

The independence and competence of the auditors are constantly assessed as the background for the Board's recommendation to the General Meeting. Agreements for audit services – including consolidated audits – are concluded between the company's audit committee and the auditors and then presented to the Board of Directors for approval.

Non-audit services are evaluated continuously and agreed on a case-by-case basis, which, in the opinion of the Board of Directors, helps to assure the independence of the auditors.

REGULATIONS FOR CHANGES TO THE ARTICLES OF ASSOCIATION

Changes to the articles of association are decided by the General Meeting. If a decision about changes to the articles of association has not been proposed or endorsed by the Board of Directors, the decision can only be passed if at least three-quarters of the share capital is represented at the meeting and at least three-quarters of the votes cast and the represented voting stock are in favour of the decision. If a change has been proposed or endorsed by the Board of Directors, it can only be adopted if half the share capital is represented at the meeting, and at least three-quarters of the votes cast and the represented voting stock are in favour of the decision.

SHAREHOLDER CONDITIONS

At the Extraordinary General Meeting held on 10 November 2011, it was decided to change the face value of the company's shares from DKK 20 to DKK 10.

SKAKO is listed on NASDAQ OMX Copenhagen A/S under ID code DK0010231877. The share capital in the company amounts to 3,297,948 EUR, divided between 2,436,149 shares @ DKK 10. There is only one share class.

At the end of 2011, the company had 1,128 shareholders registered by name. Together, these shareholders held 72.35% of the capital.

The Board of Directors has been authorised by the General Meeting to acquire up to 10% of the company's own shares at market price +/- 10%. This authorisation is valid until the Ordinary General Meeting in 2015.

Under this authorisation, the company has acquired a total of 14,328 of its own shares, equivalent to 0.59% of the share capital in the company, at a middle price of DKK 92.

SHAREHOLDERS WITH MORE THAN 5% OF THE SHARES

The Employees' Capital Pension Fund, Copenhagen K, Denmark: 19.99%
The Danske Bank Group, Copenhagen K, Denmark: 18.40%
Bram Gruppen A/S, Præstø, Denmark: 10.84%

DIVIDEND

On the basis of the result for the year, the Board proposes that no dividend be paid for 2011.

COMPANY ANNOUNCEMENTS ISSUED:

2011
01 – Annual Report 2010
02 – Restructuring of SKAKO A/S
03 – Alteration of the financial calendar for 2011
04 – Notice of Annual General Meeting
05 – Annual General Meeting – amendment proposal to Board proposal 4 (a)(1)
06 – Annual General Meeting
07 – SKAKO receives large order for concrete mixing plant
08 – Interim report Q1-2011
09 – SKAKO achieves growth in orders
10 – Sale of Falcon Spider operations in SKAKO Lift
11 – Interim report H1-2011
12 – Sale of Denka Trailerlift operations in SKAKO Lift
13 – Notice of Extraordinary General Meeting
14 – Interim report Q3-2011
15 – Expected issue of convertible bonds and new shares
06 – Extraordinary General Meeting
17 – Issue of convertible bonds and new shares
18 – Insider trading of SKAKO shares
19 – Insider trading of SKAKO shares
20 – Implementation of capital reduction
21 – Issue of convertible bonds and new subscription of shares
22 – Financial calendar for 2012
23 – Major shareholder announcement
24 – Change in share capital and voting rights in SKAKO A/S

The company announcements are published on the company website: **www.skako.com**

FINANCIAL CALENDAR 2012

• Annual report, 2011	21 March 2012
• Annual General Meeting 2012	26 April 2012
• Interim report for the period 1 January– 31 March 2012	18 May 2012
• Interim report for the period 1 January– 30 June 2012	28 August 2012
• Interim report for the period 1 January– 30 September 2012	29 October 2012

INVESTOR CONTACTS

Kaare Vagner Jensen, Chairman of the Board of Directors, and Lars Bugge, CEO
Tel. +45 63 11 38 60
E-mail: skako.dk@skako.com

The company's register of owners is kept by VP Investor Services.

RISK CONDITIONS

ENVIRONMENT

No environmental conditions have been observed that give rise to comments. The companies within the Group maintain constant focus on the environment.

FINANCIAL RISKS

The Group's operations result in financial risks in connection with trade receivables and liabilities, deposits, credit and loans at credit institutions in both Danish kroner (DKK) and foreign currency.

On the basis of ongoing dialogue with sources of financing, the assessment is that the Group will continue to be able to achieve the necessary financing on standard market terms.

The Group is affected to a minor extent by fluctuations in interest levels, and fluctuations in currency exchange rates have an effect on the Group's cash flows. The Group's receivables are distributed in such a way that the Group's credit risks are not considered to be unusual.

The Group does not perform speculative currency transactions, and acts solely on the basis of commercial requirements.

Currency risks in individual subsidiaries are covered by continuously entering into foreign exchange futures contracts, and through bank financing in currency that matches currency receivables and liabilities, as well as concluded and expected sales and purchase orders in foreign currency.

PRODUCT DEVELOPMENT

The Group companies perform ongoing product development and product adaptation to accommodate the needs of the market.

CORPORATE SOCIAL RESPONSIBILITY

The Group's policies in the field of occupational health and safety and in relation to the Group's employees involve strong focus on the establishment and maintenance of a healthy working environment, where measures are applied to prevent accidents and injuries, and where efforts are made to generate positive relations to the workplace in general.

The Group's policies in the field of the environment and climate are intended to ensure that the Group constantly improves its environmental input within the bounds of what is technologically and financially possible.

In 2009, the SKAKO Group started work designed to formulate and clarify the principles for corporate social responsibility that the Group applies to its everyday operations. This has provisionally resulted in the formulation of a Code of Conduct, whose purpose is to promote responsible production principles. The intention is to ensure that suppliers – and their suppliers – produce and deliver services to the Group in a manner that shows consideration for the environment and for employee rights.

OUTLOOK FOR 2012

It is expected that in 2012 it will be possible to maintain the positive market development achieved by the continuing segments, Concrete and Vibration.

Overall, the Group expects positive results in 2012.

STATEMENTS

MANAGEMENT'S STATEMENT

The Board of Directors and Executive Board have today considered and adopted the annual report of SKAKO A/S for the period 1 January–31 December 2011.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU, and Danish disclosure requirements for listed companies.

It is our opinion that the consolidated financial statement and parent company financial statement give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2011, and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January–31 December 2011.

In our opinion, the management report includes a true and fair account of the development in the operations and financial circumstances of the Group and the company, of the results for the year, of the financial position of the company and the financial position as a whole, as well as a description of the most significant risks and elements of uncertainty facing the company and the Group.

We recommend that the annual report be approved by the Annual General Meeting.

Faaborg, 21 March 2012

EXECUTIVE BOARD:

Lars Bugge
CEO

Carl Christian Graversen
CFO

THE BOARD OF DIRECTORS:

Kaare Vagner
Chairman

Christian Herskind
Deputy Chairman

Per Have

Jens Wittrup Willumsen

Henrik Østenkjær Lind

THE INDEPENDENT AUDITOR'S REPORT

To the shareholders in SKAKO A/S

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND COMPANY FINANCIAL STATEMENTS

We have audited the consolidated financial statements and parent company financial statements for SKAKO A/S for the financial year 1 January–31 December 2011, which comprise income statement, comprehensive income statement, balance sheet, equity statement, cash flow statement and notes, including accounting principles, for both the Group and the company. The consolidated financial statements and parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and Danish disclosure requirements for listed companies.

MANAGEMENT RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS AND COMPANY FINANCIAL STATEMENTS

The management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. The management is also responsible for the internal controls that the management considers necessary to enable the preparation of consolidated financial statements and parent company financial statements free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

The audit has not resulted in any qualification.

STATEMENTS, CONTINUED

OPINION

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2011, and of the results from the Group's and the parent company's operations and cash flows for the financial year 1 January–31 December 2011 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

STATEMENT ON THE MANAGEMENT REPORT

We have read the management report in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the consolidated financial statements and parent company financial statements. On this basis, it is our opinion that the information provided in the management report is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 21 March 2012
PricewaterhouseCoopers Denmark
Statsautoriseret Revisionsaktieselskab

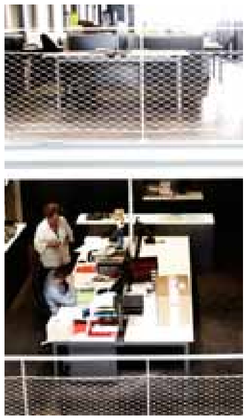
Gert Fisker Tomczyk
State-authorised public accountant

Henrik Ødegaard
State-authorised public accountant











INCOME STATEMENT FOR THE PERIOD 1 JANUARY–31 DECEMBER

PARENT COMPANY		NOTE	kEUR	GROUP	
2010	2011			2011	2010
0	0	3;4	**NET TURNOVER**	44,806	42,562
0	0	5	Production expenses	-34,505	-34,365
0	0		**GROSS PROFIT**	10,301	8,197
761	791	7	Other operating income	8	0
0	0	5	Distribution expenses	-4,091	-4,876
-2,085	-1,549	5;6	Administration expenses	-4,025	-5,300
-1,324	-759		**PROFIT ON PRIMARY OPERATIONS**	2,194	-1,979
583	1,754	8	Financial income	46	42
-8,112	-160	9	Financial expenditure	-587	-679
-8,853	835		**PROFIT BEFORE TAX**	1,652	-2,617
-58	0	10	Tax on profit/loss for the year	-485	-312
-8,911	835		**PROFIT FOR THE YEAR ON CONTINUING OPERATIONS**	1,168	-2,929
			DISCONTINUED OPERATIONS		
-5,201	-5,822	11	Profit for the year on discontinued operations	-5,403	-4,885
-14,112	-4,986		**NET PROFIT FOR THE YEAR**	-4,235	-7,814
		12	**EARNINGS PER SHARE** (current and diluted) from continuing operations		
			Earnings per share, current	1	-1
			Earnings per share, diluted	0	-1
			PROPOSED DISBURSEMENT OF PROFITS		
0	0		Proposed dividend: DKK 0 per share		
-14,112	-4,986		Retained earnings		
-14,112	-4,986				

COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD 1 JANUARY–31 DECEMBER

PARENT COMPANY		NOTE	kEUR	GROUP	
2010	2011			2011	2010
-14,112	-4,986		**NET PROFIT FOR THE YEAR**	-4,235	-7,814
			OTHER COMPREHENSIVE INCOME		
0	0		Exchange rate regulations from conversion of foreign entities	-31	82
			Value regulation of hedging instruments:		
0	0		Value regulation for the year	-106	0
0	0		Tax on other comprehensive income	26	0
0	0		**OTHER COMPREHENSIVE INCOME AFTER TAX**	-110	82
-14,112	-4,986		**TOTAL COMPREHENSIVE INCOME**	-4,346	-7,732

BALANCE SHEET AT 31 DECEMBER

PARENT COMPANY 2010	PARENT COMPANY 2011	NOTE	kEUR ASSETS	GROUP 2011	GROUP 2010
			NON-CURRENT ASSETS		
0	0	**13**	Intangible assets	100	229
177	90	**14**	Property, plant and equipment	8,138	8,076
9,575	10,920	**15**	Participating interests in subsidiaries companies	-	-
4,273	4		Receivables from subsidiaries companies	-	-
0	0	**20**	Deferred tax	1,963	2,235
0	46	**16**	Other receivables	149	221
14,025	11,060			10,350	10,761
			CURRENT ASSETS		
0	0	**17**	Inventories	6,431	13,101
0	4		Trade receivables	11,172	10,662
0	0	**18**	Work in progress on behalf of third parties	1,435	501
1,813	1,221		Receivables from subsidiaries companies	-	-
0	0		Tax receivable	35	354
0	16		Other receivables	1,265	1,044
86	132		Accrued income and deferred expenses	382	999
0	0	**11**	Assets held for sale	2,379	0
12	12		Securities	12	12
0	0		Cash at bank and in hand	2,279	3,586
1,911	1,384			25,390	30,259
15,936	12,444		**TOTAL ASSETS**	35,740	41,020

BALANCE SHEET AT 31 DECEMBER

PARENT COMPANY 2010	PARENT COMPANY 2011	NOTE	kEUR LIABILITIES	GROUP 2011	GROUP 2010
		19	**EQUITY**		
6,118	3,277		Share capital	3,277	6,118
0	0		Hedging reserve	-79	0
0	0		Translation reserve	-213	-182
0	3,059		Capital reduction reserve	3,059	0
6,577	1,823		Retained earnings	2,770	6,773
12,695	8,159		**TOTAL EQUITY**	8,813	12,709
			NON-CURRENT LIABILITIES		
0	0	20	Deferred tax	36	13
0	1,531	21	Convertible bonds	1,531	0
0	0	22	Pensions and similar obligations	216	178
0	0	23	Other provisions	251	209
0	0	24	Credit institutions	3,140	3,693
75	0	24	Leasing debt	358	75
75	1,531			5,532	4,169
			CURRENT LIABILITIES		
0	0	23	Other provisions	857	960
98	75	24	Short-term section of debts to credit institutions and leasing	953	754
1,276	73	24	Credit institutions	3,584	6,608
0	0	18	Prepayments from customers	2,281	1,858
162	146		Trade creditors	6,901	8,474
1,501	2,311		Debt to subsidiaries companies	-	-
0	0		Corporation tax	10	73
128	149	25	Other payables	4,414	5,225
0	0	11	Liabilitys related to assets held for sale	2,375	0
0	0		Accrued expenses and deferred income	20	189
3,166	2,755			21,395	24,143
3,242	4,285		TOTAL LIABILITY COMMITMENTS	26,927	28,311
15,936	12,444		**TOTAL LIABILITIES**	35,740	41,020

26 CONTINGENT ASSETS

27 CONTINGENT LIABILITIES AND SECURITIES

32 -35 NOTES WITHOUT REFERENCE

CASH FLOW STATEMENT

PARENT COMPANY 2010	PARENT COMPANY 2011	NOTE	kEUR	GROUP 2011	GROUP 2010
-8,853	835		Profit before tax	1,652	-2,617
7,534	-1,600	**28**	Adjustments	1,310	1,062
56	-60	**29**	Change in working capital	-2,019	5,822
-1,262	-825		Cash flow from operations before financial items	943	4,267
567	407		Interest received, etc.	46	1
-266	-160		Interest paid, etc.	-629	-635
-961	-577		Cash flow from operations	359	3,633
0	0		Corporation tax paid	65	420
-961	-577		**Cash flow from operating activities**	424	4,053
0	8		Disposal of property, plant and equipment	48	111
0	-46		Change in other non-current assets	27	17
0	0	**30**	Purchase of intangible assets	0	-67
0	-13	**30**	Purchase of property, plant and equipment	-267	-122
4,885	0		Purchase/sale of securities	0	4,885
4,885	-51		**Cash flow from investing activities**	-192	4,824
0	0		Repayment of long-term loans and bank loans	-509	-510
-5,341	-151		Change in intragroup balance	-	-
0	1,534	**21**	Issue of convertible bonds	1,534	0
0	370		New subscription of shares	370	0
2	1		Dividend received	1	2
0	77		Trade in own shares	77	0
0	0		Dividend paid	0	0
-5,339	1,831		**Cash flow from financing activities**	1,473	-508
-1,415	1,203		**Cash flow from continuing operations**	1,705	8,369
0	0		**Cash flow from discontinued operations**	578	-4,664
-1,415	1,203		**Change in cash at bank and in hand**	2,283	3,705
0	0		Exchange rate adjustments of cash at bank and in hand	2	-1
139	-1,276		Cash at bank and in hand, opening balance	-3,023	-6,726
-1,276	-72	**31**	**Cash at bank and in hand, closing balance**	-738	-3,023

EQUITY STATEMENT

kEUR

	GROUP					
	SHARE CAPITAL	HEDGING RESERVE	TRANSLATION RESERVE	CAPITAL REDUCTION RESERVE	RETAINED EARNINGS	TOTAL
EQUITY AT 1 JANUARY 2010	6,118	0	-265	0	14,587	20,440
CHANGES IN EQUITY IN 2010						
Total comprehensive income	0	0	82	0	-7,814	-7,732
TOTAL CHANGES IN EQUITY IN 2010	0	0	82	0	-7,814	-7,732
EQUITY AT 1 JANUARY 2011	**6,118**	**0**	**-182**	**0**	**6,773**	**12,709**
CHANGES IN EQUITY IN 2011						
Total comprehensive income	0	-79	-31	0	-4,235	-4,346
Capital reduction	-3,059	0	0	3,059	0	0
New subscription of shares	218	0	0	0	185	404
Transaction expenses	0	0	0	0	-33	-33
Equity element, convertible bonds	0	0	0	0	3	3
Sale of own shares	0	0	0	0	77	77
TOTAL CHANGES IN EQUITY IN 2011	-2,841	-79	-31	3,059	-4,003	-3,895
EQUITY AT 31 DECEMBER 2011	**3,277**	**-79**	**-213**	**3,059**	**2,770**	**8,813**

	PARENT COMPANY			
	SHARE CAPITAL	RETAINED EARNINGS	CAPITAL REDUCTION RESERVE	TOTAL
EQUITY AT 1 JANUARY 2010	6,118	20,689	0	26,807
CHANGES IN EQUITY IN 2010				
Total comprehensive income	0	-14,112	0	-14,112
TOTAL CHANGES IN EQUITY IN 2010	0	-14,112	0	-14,112
EQUITY AT 1 JANUARY 2011	**6,118**	**6,577**	**0**	**12,695**
CHANGES IN EQUITY IN 2011				
Total comprehensive income	0	-4,986	0	-4,986
Capital reduction	-3,059	0	3,059	0
New subscription of shares	218	185	0	404
Transaction expenses	0	-33	0	-33
Equity element, convertible bonds	0	3	0	3
Sale of own shares	0	77	0	77
TOTAL CHANGES IN EQUITY IN 2011	-2,841	-4,754	3,059	-4,536
EQUITY AT 31 DECEMBER 2011	**3,277**	**1,823**	**3,059**	**8,159**

Note

1 **ACCOUNTING PRINCIPLES**

The annual report for SKAKO A/S, which comprises both the annual accounts for the parent company and the consolidated accounts, has been prepared in accordance with the International Financial reporting Standards (IFRS) as adopted by the EU, and Danish disclosure requirements for listed companies.

The annual report is presented in Danish kroner (DKK), which is the functional currency for the parent company and the Danish subsidiaries.

The annual report for the financial year 2011 is presented in accordance with the standards (IFRS/IAS) and interpretations (IFRIC) applicable to financial years commencing on or after 1 January 2010. The accounting policies applied are unchanged in relation to the previous financial year.

SKAKO A/S has implemented the accounting standards approved by IASB and the EU, as well as changes to same and the interpretations that came into effect in the financial year 2011. These include the following accounting standards:
- IAS 24 regarding related party disclosures
- IAS 32 regarding financial instruments presentation
- The annual improvements in 2010 to the applicable IFRS and interpretations IFRIC 14 and IFRIC 19.

The implementation of these amendments to the standards and interpretations have not affected SKAKO A/S.

Most recently adopted accounting standards (IFRS) and interpretations (IFRIC)
At the end of January 2012, IASB issued the following new accounting standards and interpretations, which may be of relevance to SKAKO A/S.
- IFRS 9 – The number of categories for financial assets is to be reduced to two: amortised cost and fair value.
- IFRS 10 – Specification of the definition of control of another company. Control exists when the following conditions are fulfilled
  - Controlling influence over the company
  - Risk associated with or right to variable return
  - Ability to use controlling influence over the company to influence returns
- IFRS 11 – Jointly managed arrangements demand agreement between the parties and comprise two types: joint operations and joint ventures.
- IFRS 12 – Disclosure requirements concerning ownership shares in other entities, including subsidiaries, joint operations, joint ventures and subsidiaries companies.
- Amendment to IAS 1 – This amendment gives rise to requirements concerning the presentation of items under "other comprehensive income" that are to be recirculated to the income statement separated from items that are not to be recirculated.
- Amendment to IAS 27 – The consolidation regulations have been replaced by IFRS 10, and the standard hereafter comprises the regulations concerning parent company accounts from the current IAS 27.
- Amendment to IAS 28 – Jointly managed arrangements classified as joint ventures pursuant to IFRS 11 are recognised in accordance with the standard's equity method. SIC 13 guidelines concerning non-monetary contributions from companies have been incorporated into the standard.

The standards an interpretations issued by IASB, but which are not relevant to SKAKO A/S, comprise IFRS 1, IFRS 7, IFRS 13, IAS 12 and IFRIC 20. The standards and interpretations listed have not been adopted by the EU. In addition, IASB issued an amended version of IAS 19, which has not yet been adopted by the EU, but is expected to come into effect as from 1 January 2013. Implementation of the amended standard is not expected to have a significant impact, but will have an effect on the recognition, measurement and presentation of pension obligations.

SKAKO A/S expects to implement the new standards and interpretations when their use becomes mandatory

NOTES, CONTINUED

Note

1 **ACCOUNTING PRINCIPLES, CONTINUED**

Consolidated accounts

The consolidated accounts comprise the parent company SKAKO A/S and subsidiaries companies in which SKAKO A/S holds controlling influence. Controlling influence is achieved through directly or indirectly owning or controlling more than 50% of the votes, or otherwise exercising control over the company in question.

The consolidated accounts are prepared as a summary of the financial statements of the parent company and the individual subsidiaries companies, calculated on the basis of the Group's accounting principles, with the elimination of intragroup income and expenditure, shareholdings, intercompany balances and dividends, as well as realised and unrealised profits on transactions between consolidated enterprises. Unrealised losses are eliminated in the same way as unrealised profits to the extent that there has been no value impairment.

The setting off of participating interests in subsidiaries companies is performed using the proportionate share of the subsidiary's fair value of identifiable net assets and included liabilities at the time of acquisition.

Business combinations

Newly acquired or newly founded companies are recognised in the consolidated accounts from the date on which they were acquired. Sold or discontinued companies are recognised in the consolidated income statement up until the date of disposal. Comparison figures are not corrected for newly acquired, sold or discontinued operations. Discontinued operations are, however, presented separately – see below.

For purchases of new companies where the parent company achieves controlling influence of the purchased company, the take-over method is applied. The identifiable assets, obligations and contingent liabilities of the purchased company are recognised at fair value on the take-over date. Identifiable intangible assets are recognised to the extent that they can be separated or stem from a contractual right, and on condition that the fair value can be calculated reliably. Deferred tax is included for the re-evaluations performed.

For business combinations performed on or after 1 January 2004, positive differences (goodwill) between the cost of the company and the fair value of the identifiable assets, obligations and contingent liabilities acquired are recognised as "goodwill" under intangible assets. Goodwill is not amortised, but is tested once a year for value impairment. The first value impairment test is performed before the end of the year of acquisition. On acquisition, goodwill is attributed to the cash-generating entities that subsequently form the basis for the value impairment test.

Note

1 **ACCOUNTING PRINCIPLES, CONTINUED**

For business combinations performed before 1 January 2004, the accounting classification is retained according to the previous accounting practice. Goodwill is included on the basis of the cost recognised in accordance with the previous accounting practice (the Danish Financial Statements Act and the Danish Accounting Guidelines), with deductions for amortisation and impairment losses up until 31 December 2003. Goodwill is not amortised after 1 January 2004. The accounting processing of business combinations prior to January 2004 has not been revised in connection with the opening balance at 1 January 2004.

Profits or losses from the sale or discontinuation of subsidiaries and subsidiaries companies are calculated as the difference between the sales price or winding up price and the book value of the net assets, including goodwill, at the time of sale, as well as expenses associated with the sale or winding up process. If goodwill from company acquisitions performed before 1 January 2004 has been immediately amortised directly over equity, the book value at the time of sale will be DKK 0.

Translation of foreign currency
A functional currency is set for each of the reported companies in the Group. The functional currency is the currency used in the primary economic environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are transactions in foreign currency.

Transactions in foreign currency are initially translated into the functional currency at the exchange rate at the date of transaction. Exchange adjustments arising due to differences between the transaction date rates and the rates at the dates of payment are recognised as financial income or financial expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rate at the balance sheet date. Exchange adjustments arising due to differences between the rates at the balance sheet date and the transaction date rates are recognised as financial income or financial expenses in the income statement.

On recognition in the consolidated accounts of foreign enterprises with a functional currency that differs from SKAKO A/S' presentation currency, the income statements are translated at transaction date rates, and balance sheet items are translated at the exchange rate at the balance sheet date. The transaction date rates are based on the average rates for the individual months to the extent that this does not materially distort the presentation of the underlying transaction. Exchange rate differences arising on the translation of the opening equity of foreign enterprises at exchange rates at the balance sheet date and on the translation of income statements from transaction date rates to exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of balances with foreign enterprises that are treated as part of the total net investment in the enterprise in question are recognised directly in equity in the consolidated accounts, on condition that the balance is denominated in the functional currency of the parent company or the foreign enterprise. Similarly, exchange gains and losses on the part of loans and derivative financial instruments entered into in order to hedge the net investment in foreign enterprises with a functional currency other than that used by SKAKO A/S, and which effectively hedge against corresponding exchange gains/losses on the net investment in the enterprise, are recognised directly in equity under a separate translation reserve.

Derivative financial instruments
Derivative financial instruments are initially recognised in the balance sheet at cost, and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively, and positive and negative values are set off only where the enterprise has the right and intention to settle several financial instruments on a net basis (in the case of cash settlement). Fair values for derivative financial instruments are calculated on the basis of market data as well as recognised valuation methods.

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the value of the hedged asset or the hedged liability related to the hedged risk.

Note

1 **ACCOUNTING PRINCIPLES, CONTINUED**

Changes in that part of the fair value of derivative financial instruments that are designated and qualify as hedges of expected future cash flows and effectively hedge changes in the value of the hedged item are recognised in equity. Profits or losses on such hedging transactions are transferred from equity on realisation of the hedged transaction, and are recognised in the same entry as the hedged item. However, on hedging proceeds from future borrowing, profits or losses on hedging transactions are transferred from equity over the term of the loan.

Changes in the fair values of derivative financial instruments that do not qualify for hedge accounting are recognised as they arise in financial income and expenses in the income statement.

Changes in fair values of derivative financial instruments that are used for hedging net investments in foreign subsidiaries or subsidiaries companies, and which provide effective hedging against exchange rate differences in these companies, are recognised directly in equity under a special translation reserve.

INCOME STATEMENT

Net turnover
Net turnover from the sale of commodities and finished goods is recognised in the income statement provided that risk has been transferred to the buyer prior to year end, and provided that income can be measured reliably and is expected to be received.

Turnover concerning services – comprising service packages and extended warranties on sold products and contracts – is recognised on a linear basis in step with the delivery of the services.

Net turnover is measured excluding VAT and duties collected on behalf of a third party. All forms of discounts granted are recognised in net turnover on an ongoing basis.

Work in progress on behalf of third parties is recognised in net turnover in step with performance of the associated production, such that the net turnover corresponds to the sales value of the work completed during the year (production method). Net turnover is recognised when the total income and expenditure on a construction contract and the degree of completion at balance sheet date can be estimated reliably, and it is likely that the financial benefits, including payment, will accrue to the Group.

Production expenses
Production expenses comprise costs paid to achieve the net turnover for the year. The commercial companies include consumption of goods and the producing companies include production expenses corresponding to the year's turnover. These include direct and indirect expenses for raw materials and consumables, wages and salaries, rental and leasing expenses, and depreciation of production facilities.

Furthermore, production expenses include research and development costs that do not qualify for capitalisation, as well as amortisation and impairment on capitalised development costs.

Provisions for losses on construction contracts are also included.

Note

1 **ACCOUNTING PRINCIPLES, CONTINUED**

Distribution expenses
Distribution expenses comprise expenses incurred for the distribution of goods sold during the year, as well as expenses for sales campaigns, etc. completed during the year. This includes expenses for sales staff, advertising and exhibition costs, and depreciation.

Administration expenses
Administration expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises, office expenses and depreciation.

Other operating income and expenses
Other operating income and expenses comprise items of secondary nature in relation to the company's operations.

Dividends on participating interests in subsidiaries companies in the parent company's financial statement
Dividends on participating interests in subsidiaries companies are recognised as income in the parent company's income statement for the financial year in which the dividends are declared. However, if the dividend received exceeds the accumulated earnings since the take-over date, the dividend is not recognised as income in the income statement, but included as impairment losses on the cost of the participating interest.

Financial income and expenses
Financial income and expenses comprise interest, exchange gains and losses and impairment losses on securities, debt and foreign currency transactions, amortisation of financial assets and liabilities, as well as extra payments and repayments under the on-account taxation scheme. They also include realised and unrealised gains and losses concerning derivative financial instruments that are not designated hedging agreements.

Tax on profit/loss for the year
SKAKO A/S is taxed jointly with the Danish subsidiaries. The current corporation tax is divided between the jointly taxed companies in relation to the taxable income of said companies (full distribution with reimbursement in the event of tax losses). The jointly taxed companies participate in the on-account taxation scheme.

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement in the amount that can be attributed to the profit/loss for the year, and directly in "other comprehensive income" in the amount that can be attributed to items directly in "other comprehensive income".

BALANCE SHEET

Intangible assets

Software
Software is recognised at cost less accumulated depreciation, or at utility value when this is lower for reasons that cannot be assumed to be transitory.
Depreciation of software is calculated on a straight-line basis over the expected useful life of the assets, i.e. 3–5 years.

Goodwill
Goodwill is initially recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.
The book value of goodwill is allocated to the Group's cash-generating units at the time of acquisition. Identification of cash-generating units is based on management structure and internal financial management.
On the sale of companies acquired prior to 1 January 2004, where goodwill was immediately depreciated over equity in accordance with the accounting principles applicable at the time, and where reactivation has not been performed in accordance with the exception provisions in IFRS 1, the immediately depreciated value of goodwill is recognised at book value (EUR 0) in the calculation of profit or loss on the sale of the company.

Note

1 **ACCOUNTING PRINCIPLES, CONTINUED**

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for materials, components, subcontractors and labour. Estimated expenses for dismantling and disposing of the asset and for re-establishment are added to cost to the extent that they are recognised as a provision. Where individual components of an item of property, plant and equipment have different useful lives, the cost of the item is broken down into separate components which are depreciated separately.

The cost of assets held under finance leases is calculated at the lower of the fair value of the leased asset and the net present value of the future minimum lease payments computed by applying the interest rate implicit in the lease or an approximated value thereof as the discount rate.

Subsequent expenses, e.g. in connection with the replacement of components of an item of property, plant and equipment, are recognised in the book value of the asset in question when it is probable that the expenses incurred will result in future economic benefits to the Group. The book value of the replaced components is derecognised in the balance sheet and recognised in the income statement. All other expenses incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation of property, plant and equipment is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings:	10–40 years
Plant and machinery:	3–10 years
Tools and equipment:	3–10 years
Lease assets:	3–10 years
Furnishing of leased premises:	3–10 years

Land is not depreciated.

The basis of depreciation is calculated taking into account the residual value of the asset less any impairment losses. The residual value is determined at the time of acquisition and is reassessed annually. Where the residual value exceeds the book value of the asset, depreciation is discontinued.

If the depreciation period or the residual value has changed, the effect on depreciation is recognised prospectively as a change of accounting estimate.

Depreciation is recognised in the income statement under production, distribution as well as administrative expenses, to the extent that depreciation is not included in the cost of assets of own construction.


VELKOMMEN
WELCOME
SKAKO
CONCRETE
SKAKO
VIBRATION

Note

1 **ACCOUNTING PRINCIPLES, CONTINUED**

Participating interests in subsidiaries companies in the parent company's annual accounts.
Participating interests in subsidiaries companies are measured at cost. Where cost exceeds recovery value, this is written down to the lower value.

Cost is similarly written down to the extent that the dividend paid exceeds the accumulated revenue after the date of acquisition.

Inventories
Inventories are measured at cost, using the FIFO method. If the net realisable value (NRV) is lower than cost, this is written down to the lower value.

The cost of goods for resale, raw materials and consumables comprises direct costs and transportation expenses.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and indirect production expenses. Indirect production expenses comprise indirect materials and labour expenses as well as maintenance and depreciation of machinery, factory buildings and equipment used in the manufacturing process, together with costs of factory administration and management.

The NRV of inventories is measured at sales price less costs of completion and selling costs. NRV is determined taking into account marketability, obsolescence and development in the expected selling price.

Trade receivables
Trade receivables are measured at amortised cost less losses from value impairment.

Work in progress on behalf of third parties
Construction contracts in process are measured at the selling price of the work performed, less interim billing and expected losses.

The selling price is measured on the basis of the stage of completion at balance sheet date and the total expected income on the individual work in progress. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses.

Where it is probable that the total contract expenses will exceed total income from a contract, the expected loss is recognised immediately as an expense in the income statement.

Where the selling price of a contract cannot be calculated reliably, the selling price is measured as the expenses incurred to date which it is considered likely that the company will recover.

Work in progress for which the selling price of the work performed exceeds interim billings and expected losses is recognised as assets. Work in progress for which interim billings and expected losses exceed the selling price is recognised as liabilities.

Prepayments from customers are recognised as liabilities.

Expenses related to sales work and the securing of contracts are recognised in the income statement as incurred.

Prepayments and accrued income
Prepayments and accrued income recognised under assets comprise expenses paid with regard to subsequent financial years.

Securities
Shares and bonds included in the Group's trading book are recognised under current assets at cost on the date of transaction, and are subsequently measured at fair value corresponding to the market price for listed securities, and at an estimated fair value calculated on the basis of market data and recognised valuation methods for unlisted securities. Changes in the fair value are recognised continuously in the income statement under financial items.

NOTES, CONTINUED

Note

1 **ACCOUNTING PRINCIPLES, CONTINUED**

Shares and bonds not included in the Group's trading book (available for sale) are recognised under non-current assets at cost on the date of transaction, and are subsequently measured at fair value corresponding to the market price for listed securities, and at an estimated fair value calculated on the basis of market data and recognised valuation methods for unlisted securities. Unrealised regulations in value are recognised directly in equity, apart from losses attributable to impairments and the reversal of same, as well as exchange adjustments on bonds in foreign currencies, which are recognised in the income statement under financial items. On realisation, the accumulated value adjustment recognised in equity is transferred to financial items in the income statement.

Impairment losses on non-current assets
Intangible assets with undefinable useful lives are tested annually for impairment losses. Development projects in progress, deferred tax assets and financial assets are correspondingly tested annually for impairment losses.
Other non-current assets are tested when there are indications of impairment. When such indications are identified, the recovery value of the asset is calculated. The recovery value is the higher of fair value less the expected selling expenses and capital value.
An impairment loss is recognised when the book value of an asset or a cash-generating unit exceeds the recovery value of the asset or the cash-generating unit in question. Losses from impairment on subsidiaries are recognised in the income statement under financial expenses. Losses from impairment on other assets are recognised under production, distribution and administration expenses.
Impairment losses on non-current assets are reversed to the extent that changes have occurred in the preconditions and estimates that led to the impairment. Impairment losses are only reversed to the extent that the new book value of the asset does not exceed the book value that would have been ascribed to the asset after depreciation if the asset had not incurred impairment losses.

EQUITY

Dividend
A proposed dividend is recognised as a liability at the time of adoption at the Annual General Meeting (declaration date). The dividend distribution proposed for the year is disclosed as a separate item under equity.

Translation reserve
The translation reserve in the consolidated accounts comprises exchange adjustments arising on the translation of the financial statements of foreign enterprises from their functional currencies into the presentation currency of the SKAKO Group (DKK).
Upon full or part realisation of the net investment, exchange adjustments are recognised in the income statement.
The translation reserve was reset to zero on 1 January 2004 in accordance with IFRS 1.

Capital reduction reserve
At the Extraordinary General Meeting held on 10 November 2011, it was decided to reduce the share capital in the company by 3,059 kEUR and to change the nominal value of the shares in the company from DKK 20 to DKK 10 per share. The special capital reduction reserve can be dissolved and transferred to unrestricted reserves through a decision by the General Meeting.

Own shares
Purchase and sales sums as well as dividends relating to own shares are recognised directly under retained earnings in equity.

Pension obligations
The Group has entered into pension agreements and similar agreements with the majority of the Group's employees.
Obligations referring to defined contribution plans are recognised in the income statement in the period to which they relate, and any contributions outstanding are recognised in the balance sheet under other payables.
For defined benefit plans, an annual actuarial calculation is performed of the net present value of the future benefits that are to be paid out under the defined benefit plan. Net present value is calculated based on assumptions of the future development in, for example, salary level, interest rates, inflation and mortality. The net present value is calculated only for benefits earned by employees from their employment to date with the Group. The actuarially calculated net present value less the fair value of any plan assets is recognised in the balance sheet under pension obligations.

Note

1 **ACCOUNTING PRINCIPLES, CONTINUED**

In the income statement, the pension expense for the year is recognised based on the actuarial estimates and financial expectations at the beginning of the year. The accumulated actuarial gains or losses are also recognised.

Corporation tax and deferred tax
Current tax liabilities and receivables are recognised in the balance sheet at the amounts calculated on the taxable income for the year adjusted for tax on taxable incomes for prior years and for taxes paid on account.

Deferred tax is measured using the temporary differences between the book value and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes, office premises and other items – apart from business acquisitions – where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax assets, including the tax base of any tax loss carry-forwards, are recognised in other non-current assets at the value at which the asset is expected to be realised, either by elimination of tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Adjustments are made to deferred tax to take account of the elimination of unrealised Group-internal profits and losses.

Deferred tax is measured on the basis of the tax rules and the tax rates of the respective countries that will be effective when the deferred tax is expected to crystallise as current tax based on the legislation at the balance sheet date. Changes to deferred tax due to changes to tax rates are recognised in the income statement.

Provisions
Provisions primarily comprise warranty provisions.
Provisions are recognised when – in consequence of an event that has occurred before or on the balance sheet date – the Group has a legal or constructive obligation and it is probable that there will be an outflow of the Group's financial resources to settle the obligation.

Provisions are measured at the management's best estimate of the expenses required to settle the obligation.

Warranty provisions are recognised in step with the sale of goods and services based on warranty expenses paid in previous financial years.

Financial obligations
Convertible bonds are recognised in the balance sheet at amortised cost, based on the current market interest rate, and recognised in the income statement in step with the bonds' maturity period and time of redemption.

Loans from credit institutions, etc. are recognised at the time of borrowing at the value of the proceeds received net of transaction expenses incurred. Subsequently, the financial obligations are measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised under financial expenses in the income statement over the loan period.

Financial obligations also include the capitalised remaining lease obligations on financial lease contracts.

Financial warranties issued by the parent company to third parties concerning loans to subsidiaries are recognised at fair value at the time of establishment. Subsequently, warranties issued are measured at the higher of the original fair value less amortisation or the expected loss.
Other obligations are measured at net realisable value.

Prepayments and accrued income
Prepayments and accrued income recognised under liabilities comprise payments received relating to income in subsequent years.

Note

1 **ACCOUNTING PRINCIPLES, CONTINUED**

Assets held for sale
Assets held for sale comprise property, plant and equipment and "sale groups" owned intended for sale. A "sale group" is a group of assets that are to be disposed of together through a single sale transaction or similar, and obligations directly linked to these assets that will be transferred as part of the transaction. Assets are classified as "intended for sale" when their book value will primarily be recovered through sale within twelve (12) months in accordance with a formal plan, rather than through continued use.
Assets or "sale groups" that are intended for disposal are measured at the lower of book value or fair value less selling expenses. No depreciation or amortisation is performed on assets from the time when they are classified as "intended for sale".
Impairment losses that arise on the initial classification as "intended for sale", and gains or losses from subsequent measurement at the lower of book value or fair value less selling expenses, are recognised in the income statement in the items they concern. Gains and losses are stated in the notes. Assets and associated obligations are highlighted on separate lines in the balance sheet, and the main items are specified in the notes.

Presentation of discontinued operations
Discontinued operations constitute a unit whose activities and cash flows, from operational and accounting perspectives, can be clearly separated from those of the rest of the business, and where the unit has either been sold or separated intended for sale, and the sale is expected to be completed within one (1) year according to a formal plan. Discontinued operations also include companies purchased with a view to sale.
Profits and value adjustments after tax on discontinued operations are disclosed on a separate line in the income statement with comparison figures. Turnover, expenses and tax for the discontinued operation are disclosed in the notes. Similarly, assets and the associated obligations are highlighted on separate lines in the balance sheet – cf. the "Assets held for sale" section – and the main entries are specified in the notes.
Cash flows from operating, investing and financing activities for the discontinued operations are disclosed in a note.
Comparison figures for discontinued operations are only adjusted in the income statement and cash flows in the consolidated accounts for the year prior to reclassification of the operation.

Cash flow statement
The cash flow statement shows cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents, as well as cash and cash equivalents at the beginning and end of the year.
The effect on liquidity of purchases and sales of enterprises is shown separately under cash flows from investing activities. Cash flows relating to acquired enterprises are recognised from the date of acquisition, while cash flows related to enterprises disposed of are recognised until the date of disposal.

Cash flow from operating activities
Cash flows from operating activities are calculated as the profit/loss before tax adjusted for non-cash operating items, changes in operating capital, interest paid and corporation tax paid.

Cash flow for investing activities
Cash flows for investing activities comprise payments made in connection with the purchase and sale of enterprises and operations, acquisitions and disposals of intangible assets, property, plant and equipment as well as other non-current assets and purchases and sales of securities that are not included under cash and cash equivalents.

Cash flow for financing activities
Cash flows for financing activities comprise changes to the amount or composition of the share capital and related expenses, as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of own shares, and distribution of dividends to shareholders.

Cash at bank and in hand
Cash at bank and in hand comprises deposits on bank accounts and current overdraft facilities that are included in ongoing cash management.

Note

1 **ACCOUNTING PRINCIPLES, CONTINUED**

Segment information
Information about business segments is prepared in accordance with the Group's accounting principles.

Segment income and expense, as well as segment assets and liabilities, comprise the items that can be directly attributed to the individual segment, as well as the items that can be allocated to the individual segment on a reliable basis. Non-allocated items primarily include assets and liabilities as well as income and expense concerning the Group's administrative functions, investing activities, income taxes, etc.

Assets in the segment include the non-current assets that are used directly in the segment's operations, including intangible assets, property, plant and equipment, and participating interests in subsidiaries companies, as well as current assets that are used directly in the segment's operations, including inventories, trade receivables, other receivables, prepayments and cash and cash equivalents.

Segment liabilities comprise the obligations that arise from the segment's operations, including obligations to suppliers of goods and services and other payables.

2 **ACCOUNTING ESTIMATES AND ASSESSMENTS**

Estimated uncertainties
The calculation of the book value of certain assets and liabilities requires estimates of how future events will affect these assets and liabilities at balance sheet date. Estimates that are important to the presentation of accounts by the Group are performed, for example, by calculating impairments and depreciation, the sales value of construction contracts, the recognition of deferred tax assets, pensions and similar obligations, provisions and contingent liabilities and contingent assets. Estimates that are important to the presentation of accounts by the parent company are performed, for example, by establishing impairment requirements on participating interests in subsidiaries. As such, with regard to participating interests in the SKAKO Concrete Group, impairments totalling 1.3 mEUR were reversed in 2011 on the basis of realised profits and expected future profits.

The estimates applied are based on assumptions that the management considers reasonable, but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the company is subject to risks and uncertainties which may lead to actual results deviating from these estimates. Such estimates comprise, for example, the assessment of the future realisation of deferred tax assets in the amount of 1.96 mEUR, receivables in connection with the sale of discontinued operations that have been written down in the amount of 1.2 mEUR, provisions for ongoing cases, and warranties recognised in the total amount of 1.1 mEUR. Special risks for the SKAKO Group are mentioned in the management report (page 15) and in Note 34.

Accounting principles and assessments
As a part of the application of the Group's accounting principles, the management makes assessments – over and above estimated assessments – which may have a significant influence on the sums recognised in the annual report. Such assessments include, for example, when income and expenditure in relation to contracts with third parties are to be dealt with in accordance with the production method, and the extent to which lease contracts are to be treated as operational or financial leases.

NOTES, CONTINUED

Note **kEUR**

3 **SEGMENT INFORMATION**

Operations 2011

	Concrete plants	Vibration equipment	Not distri-buted, incl. parent company	Elimina-tions	Continuing operations	Dis-continuing operations	Group total
Net turnover, external	26,905	17,901	0	0	44,806	8,543	53,349
Net turnover, internal	5	1,012	0	-1,017	0	0	0
Depreciation	622	91	100	0	812	33	846
Profit on primary operations	-115	3,198	-889	0	2,194	-5,412	-3,219
Financial income	24	83	427	-489	46	83	128
Financial expenditure	-499	-152	-160	225	-587	-73	-660
Profit before tax	-590	3,129	-886	0	1,652	-5,403	-3,751
Tax on profit/loss for the year	350	-835	0	0	-485	0	-485
Net profit for the year	-240	2,294	-886	0	1,168	-5,403	-4,235
Segment assets	20,843	14,748	12,785	-15,015	33,361	2,379	35,740
Segment obligations	18,482	5,875	4,285	-4,090	24,552	2,375	26,927
Acquisition of intangible assets, property, plant and equipment for the year	910	73	13	0	996	0	996
Average number of employees	119	66	6	0	191	55	246

Operations 2010

	Concrete plants	Vibration equipment	Not distri-buted, incl, parent company	Elimina-tions	Continuing operations	Dis-continuing operations	Group total
Net turnover, external	27,243	15,319	0	0	42,562	10,076	52,638
Net turnover, internal	2	469	0	-471	0	0	0
Depreciation	714	100	5	0	820	100	920
Profit on primary operations	-1,840	1,306	-1,403	-44	-1,979	-5,053	-7,032
Financial income	17	26	595	-597	42	40	82
Financial expenditure	-569	-188	-266	344	-679	-61	-740
Profit before tax	-2,391	1,145	-1,327	-44	-2,617	-4,953	-7,570
Tax on profit/loss for the year	79	-333	-58	0	-312	67	-244
Net profit for the year	-2,312	812	-1,384	-44	-2,929	-4,885	-7,814
Segment assets	20,553	13,492	16,261	-17,404	32,903	8,117	41,020
Segment obligations	18,599	6,181	3,242	-3,555	24,468	3,843	28,311
Acquisition of intangible assets, property, plant and equipment for the year	96	20	171	-171	116	82	199
Average number of employees	151	59	6	0	216	65	281

Transactions between segments are completed on market terms.

Note kEUR

3 **SEGMENT INFORMATION, CONTINUED**

Turnover and non-current assets are distributed as follows:

	NET TURNOVER		NON-CURRENT ASSETS	
COUNTRY	**2011**	**2010**	**2011**	**2010**
Denmark	3,185	2,949	2,456	2,607
Other Nordic region	8,184	4,830	0	0
France	10,776	12,892	7,815	8,029
Great Britain	3,940	1,461	35	12
Germany	3,026	2,359	35	70
Other Western Europe	3,218	4,519	0	0
United States	2,096	2,028	9	44
Eastern Europe	2,666	719	0	0
Far East	1,144	536	0	0
Other markets	6,570	10,268	0	0
	44,806	42,562	10,350	10,761

4 **NET TURNOVER**

Parent company			Group	
2010	**2011**	**Net turnover comprises:**	**2011**	**2010**
0	0	Sale of goods	29,872	26,599
0	0	Sale of services	7,772	6,403
0	0	Sales value of the year's production of construction contracts	6,744	9,303
0	0	Lease income	418	256
0	0		44,806	42,562

5 **EXPENSES**

Parent company			Group	
2010	**2011**	**Production expenses**	**2011**	**2010**
0	0	Consumption of goods for the year	23,306	22,037
0	0	Write-downs on inventories for the year	575	431
0	0	Reversed write-downs on inventories	391	70
		Reversal of write-downs is attributable to movements on written down item numbers		
		Research and development expenses		
0	0	Research and development expenses paid	43	18
0	0	**Research and development expenses for the year recognised in the income statement**	43	18

NOTES, CONTINUED

Note **kEUR**

5 **EXPENSES, CONTINUED**

Parent company			Group	
2010	**2011**	**Staff costs**	**2011**	**2010**
1,199	979	Wages and salaries	12,531	14,147
59	54	Contribution-based pensions	566	587
0	0	Defined benefit pensions	39	27
6	7	Other staff costs	377	320
1,265	1,041		13,512	15,082
		Staff costs are recognised as follows:		
0	0	Production expenses	8,024	8,751
0	0	Distribution expenses	2,937	3,171
1,265	1,041	Administration expenses	2,551	3,160
1,265	1,041		13,512	15,082
6	6	Average number of employees	191	216

Remuneration of Board of Directors and Executive Board

Parent company			Group	
2010	**2011**	**Executive Board**	**2011**	**2010**
187	339	Lars Bugge, CEO	339	187
108	207	Carl Christian Graversen, CFO	207	108
94	0	Christian Herskind	0	94
333	0	Torben Faurby	0	333
722	546		546	722
		Board of Directors		
47	67	Kaare Vagner (Chairman)	67	47
33	34	Christian Herskind (Deputy Chairman)	34	33
32	20	Per Have	20	32
14	20	Torben Nørgaard Hansen (stepped down from the Board on 10 November 2011)	22	18
14	20	Jens Wittrup Willumsen	22	18
0	3	Henrik Østenkjær Lind (joined the Board on 10 November 2011)	3	0
27	0	Vagn Rosenkilde	0	27
13	0	Bjarne Hansen	0	13
9	0	Henrik Lind	0	9
189	164	Total remuneration	169	198

Overriding guidelines for Executive Board bonuses were adopted by the General Meeting on 25 April 2008. Bonuses will be paid in accordance with the guidelines adopted.

There are no special severance programmes for the Executive Board.

The fees paid to the Board of Directors in 2010 include remuneration for participation in the audit committee and steering committees, respectively. No share options were issued.

Note kEUR

6 FEES TO AUDITORS APPOINTED BY THE GENERAL MEETING

Parent company			Group	
2010	2011		2011	2010
80	53	Total fees, PricewaterhouseCoopers	159	177
0	0	Total fees, other auditors	57	66
80	53		216	243
		Distribution of fees:		
20	20	Statutory audit	103	103
0	3	Other reporting assignments with assurance	3	0
3	3	Tax guidance	6	7
56	27	Other services	46	68
80	53		159	177

7 OTHER OPERATING INCOME

Parent company			Group	
2010	2011		2011	2010
761	782	Management fee and IT fee	0	0
0	8	Profit from sale of property, plant and equipment	8	0
761	791		8	0

8 FINANCIAL INCOME

Parent company			Group	
2010	2011		2011	2010
529	407	Interest income from affiliated companies	-	-
0	1,345	Reversal of write-downs on participating interests	-	-
44	0	Proceeds from winding up of subsidiaries	-	-
9	0	Interest, securities (fair value)	0	9
1	1	Exchange gains on securities, net (fair value)	1	1
0	0	Other interest income	44	31
583	1,754		46	42

9 FINANCIAL EXPENDITURE

Parent company			Group	
2010	2011		2011	2010
105	87	Interest paid to subsidiaries companies	-	-
7,846	0	Write-downs on participating interests in subsidiaries companies	-	-
4	1	Exchange losses	44	105
0	3	Interest on financial leasing	9	0
156	69	Other interest expenses	534	574
8,112	160		587	679

NOTES, CONTINUED

Note **kEUR**

10 **TAX ON PROFIT/LOSS FOR THE YEAR**

Parent company 2010	Parent company 2011		Group 2011	Group 2010
58	0	Tax on continuing operations	485	312
0	0	Tax on discontinued operations	0	-67
58	**0**	**Tax on profit/loss for the year**	**485**	**244**
		Specified as follows:		
0	0	Tax on taxable income for the year	751	304
58	0	Adjustment of deferred tax	-266	8
0	0	Correction concerning tax for prior years	0	1
58	**0**	**Tax on profit/loss for the year**	**485**	**312**
-2,213	209	25% tax on profit/loss for the year before tax	413	-654
0	0	Difference between Danish and foreign corporation tax rate	65	67
0	0	Correction concerning prior years	0	1
308	128	Write-down on deferred tax assets	-1	992
1,963	-336	Permanent differences	8	-94
58	**0**	**Tax on profit/loss for the year**	**485**	**312**

Note **kEUR**

11 **DISCONTINUED OPERATIONS**

Parent company			Group	
2010	**2011**	Profit/loss from discontinued operations comprises:	**2011**	**2010**
0	0	Turnover	8,543	10,076
0	0	Other operating income	3	0
0	0	Production expenses	-9,624	-11,540
0	0	Distribution expenses	-1,505	-1,961
0	0	Administration expenses	-1,291	-1,507
0	0	Financial income	83	40
-5,201	-5,822	Financial expenditure	-73	-61
-5,201	-5,822	Profit before tax	-3,865	-4,953
0	0	Tax	0	67
-5,201	-5,822		-3,865	-4,885
		Gains/losses on sale of operations	-1,538	0
		Profit/loss	-5,403	-4,885
		Key figures for discontinued operations		
0	0	Cash flow from operations	-202	-4,755
0	0	Cash flow for investment	130	103
-5,201	-5,822	Cash flow for financing	651	-11
-5,201	-5,822	Total cash flow	578	-4,664
0	0	Property, plant and equipment	0	190
4,273	4	Other non-current assets	43	44
0	0	Inventories	325	5,436
0	0	Receivables	1,302	2,239
0	0	Cash at bank and in hand	709	208
4,273	4	Total assets	2,379	8,117
0	0	Credit institutions	142	1,386
0	0	Provisions	327	235
0	0	Other liabilities	1,906	2,222
0	0	Total obligations	2,375	3,843

On 16 March 2011, SKAKO Lift A/S and a group of investors from Zealand, Denmark, entered into a conditional agreement for the purchase of the trailerlift operations marketed under the Denka Lift brand.

On 5 July 2011, SKAKO A/S announced that it wished to sell off the final part of the lift operations marketed under the Falcon Spider brand before the end of 2011.

The Falcon Spider operations in SKAKO Lift were sold to the management of SKAKO Lift on 24 August 2011.

The sale of Denka Trailerlifte to Denka Lift Denmark A/S was finalised on 19 September 2011.

At the end of the year, the operations in the SKAKO Lift Group comprise a sales company in the United States and work to complete four lifts at SKAKO Lift Danmark. It is expected that the operations of SKAKO Lift Danmark will be concluded by the end of the first quarter 2012, and that the sales office in the United States will be wound up in the third quarter of 2012.

NOTES, CONTINUED

Note **kEUR**

12 **EARNINGS PER SHARE**

	Group	
	2011	**2010**
The calculation of earnings per share for continuing and discontinued operations is based on the corresponding key figures as for earnings per share:		
Profit/loss on discontinued operations	-5,403	-4,885
Profit/loss on continuing operations	1,168	-2,929
Net profit for the year	-4,235	-7,814
Average number of shares	2,283,446	2,273,986
Average number of own shares	-43,685	-45,408
Average number of shares outstanding	2,239,761	2,228,578
Dilution effect of convertible bonds	670,270	0
Diluted average number of shares outstanding	2,910,031	2,228,578
Continuing operations:		
Earnings per share	1	-1
Diluted earnings per share	0	-1
Discontinued operations:		
Earnings per share	-2	-2
Diluted earnings per share	-2	-2
Net profit for the year:		
Earnings per share	-2	-4
Diluted earnings per share	-1	-4

Note kEUR

13 **INTANGIBLE ASSETS**

	Group		
	Development projects	Software	Total
Cost at 1 January 2010	142	2,822	2,964
Exchange rate adjustments	0	0	0
Additions	0	67	67
Cost at 31 December 2010	142	2,890	3,032
Depreciation at 1 January 2010	142	2,532	2,674
Exchange rate adjustments	0	0	0
Depreciation	0	129	129
Depreciation at 31 December 2010	142	2,661	2,802
Net book value at 31 December 2010	0	229	229
Of which, financial lease assets	0	0	0
Cost at 1 January 2011	142	2,890	3,032
Exchange rate adjustments	0	-1	-1
Transferred to assets held for sale	-142	0	-142
Cost at 31 December 2011	0	2,889	2,889
Depreciation at 1 January 2011	142	2,661	2,802
Exchange rate adjustments	0	-1	-1
Transferred to assets held for sale	-142	0	-142
Depreciation	0	129	129
Depreciation at 31 December 2011	0	2,789	2,789
Net book value at 31 December 2011	0	100	100
Of which, financial lease assets	0	0	0
Depreciated over	5 years	2-10 years	-

DEPRECIATION IS RECOGNISED AS FOLLOWS:

	Group	
	2011	**2010**
Production expenses	96	97
Distribution expenses	14	14
Administration expenses	19	18
	129	129

NOTES, CONTINUED

Note **kEUR**

14 **PROPERTY, PLANT AND EQUIPMENT**

	Group						
	Land and properties	Plant and machinery	Lease assets	Tools and equipment	Furnishing of leased premises	Property, plant and equipment in progress	Total
Cost at 1 January 2010	8,167	6,408	0	4,130	586	13	19,305
Reclassification	0	0	0	0	0	-13	-13
Exchange adjustments	14	3	0	21	0	0	38
Additions	6	0	0	60	62	3	131
Disposals	0	-2,195	0	-1,361	-49	0	-3,605
Cost at 31 December 2010	8,187	4,216	0	2,850	600	3	15,856
Depreciation at 1 January 2010	1,500	5,297	0	3,140	539	0	539
Exchange adjustments	2	2	0	15	0	0	20
Disposals	0	-2,187	0	-1,279	-42	0	-3,508
Depreciation	214	214	0	336	27	0	791
Depreciation at 31 December 2010	1,716	3,327	0	2,214	524	0	7,779
Net book value at 31 December 2010	6,472	889	0	636	76	3	8,076
Of which, financial lease assets	0	0	0	194	0	0	194
Cost at 1 January 2011	8,187	4,216	0	2,850	600	3	15,856
Reclassification	0	0	0	0	0	-3	-3
Exchange adjustments	-22	-13	0	-1	0	0	-36
Additions	0	8	729	82	0	177	996
Disposals	0	-107	0	-141	0	0	-248
Transferred to assets intended for sale	0	-403	0	-251	-79	0	-734
Cost at 31 December 2011	8,165	3,700	729	2,539	521	177	15,832
Depreciation at 1 January 2011	1,716	3,327	0	2,214	524	0	7,780
Exchange adjustments	-5	-11	0	1	0	0	-14
Disposals	0	-107	0	-105	0	0	-212
Transferred to assets intended for sale	0	-349	0	-204	-24	0	-577
Depreciation	213	159	92	239	13	0	717
Depreciation at 31 December 2011	1,924	3,019	92	2,145	513	0	7,694
Net book value at 31 December 2011	6,241	681	637	394	8	177	8,138
Of which, financial lease assets	0	0	637	75	0	0	712
Depreciated over	10-40 years	3-10 years	3-10 years	3-10 years	3-10 years	-	-

Note kEUR

14 **PROPERTY, PLANT AND EQUIPMENT, CONTINUED**

	Parent company
	Tools and equipment
Cost at 1 January 2010	93
Additions	171
Disposals	-9
Cost at 31 December 2010	255
Depreciation at 1 January 2010	82
Disposals	-9
Depreciation	5
Depreciation at 31 December 2010	79
Net book value at 31 December 2010	177
Of which, financial lease assets	171
Cost at 1 January 2011	255
Additions	13
Disposals	-38
Cost at 31 December 2011	231
Depreciation at 1 January 2011	79
Disposals	-38
Depreciation	100
Depreciation at 31 December 2011	141
Net book value at 31 December 2011	90
Of which, financial lease assets	75
Depreciated over	3-5 years

DEPRECIATION IS RECOGNISED AS FOLLOWS:

Parent company			Group	
2010	**2011**		**2011**	**2010**
0	0	Production expenses	491	521
0	0	Distribution expenses	58	107
5	100	Administration expenses	134	63
0	0	Discontinued operations	33	100
5	100		717	791

NOTES, CONTINUED

Note kEUR

15 **PARTICIPATING INTERESTS IN SUBSIDIARIES COMPANIES**

Parent company		
2010	**2011**	
43,686	39,724	Cost at 1 January
-3,962	0	Disposals
39,724	39,724	**Cost at 31 December**
-31,825	-30,149	Impairments at 1 January
8,071	4,035	Group contributions
0	1,345	Reversal of impairments
3,547	0	Disposals
-9,942	-4,035	Impairments
-30,149	-28,804	**Impairments at 31 December**
9,575	10,920	**Net book value at 31 December**

Impairments in 2011 concern participating interests in SKAKO Lift A/S. Reversal of impairments in 2011 concerns SKAKO Concrete A/S and is attributable to the profit for the year and expectations of future profits. Impairments in 2010 concern participating interests in SKAKO Lift A/S and SKAKO Concrete A/S.

SKAKO Lift A/S has returned losses for the past seven years. The current value of the expected net cash flows from operations of the business are not estimated to correspond to the net book value. Participating interests at 31 December 2011 amounted to 930 kEUR before impairments, and the written down net present value totals -4,892 kEUR. The recovery value of SKAKO Lift A/S is based on the net present value. This value has been assessed on the basis of the existing budget for 2011, which has been approved by the management, and taking into account that the operations in SKAKO Lift A/S are being discontinued. Under the existing circumstances, the assessment of the management is that the best estimate of the net present value is the internal book value of the company.

The impairments are recognised under financial expenses – cf. Note 9 – while reversed impairments are recognised under financial income, cf. Note 10.

Ownership share			
2010	**2011**	**Name**	**Registered office**
100%	100%	SKAKO Lift A/S	Odense, Danmark
100%	100%	SKAKO Concrete A/S	Faaborg, Danmark
		Inactive company:	
100%	100%	Gram Holding Vojens A/S	Faaborg, Danmark

Some of the foreign subsidiaries are audited by local companies of auditors.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Note kEUR

16 **OTHER RECEIVABLES**

Parent company 2010	Parent company 2011		Group 2011	Group 2010
0	0	Cost at 1 January	221	349
0	0	Exchange adjustments for the year	0	0
0	46	Additions	2	1
0	0	Transferred to assets held for sale	-44	0
0	0	Disposals	-29	-130
0	46	**Net book value at 31 December**	149	221

17 **INVENTORIES**

Parent company 2010	Parent company 2011		Group 2011	Group 2010
0	0	Raw materials and consumables	3,150	6,763
0	0	Work in progress	2,088	4,365
0	0	Finished goods and commodities	1,193	1,974
0	0		6,431	13,101
0	0	Net book value of inventories recognised at net realisable value	1,493	4,096

18 **WORK IN PROGRESS ON BEHALF OF THIRD PARTIES**

Parent company 2010	Parent company 2011		Group 2011	Group 2010
0	0	Customer orders on behalf of third parties	12,323	8,464
0	0	Interim billings	-13,169	-9,821
0	0		-846	-1,357
		Recognised as follows:		
0	0	Customer orders on behalf of third parties, net	1,435	501
0	0	Prepayments from customers	-2,281	-1,858
0	0		-846	-1,357
0	0	Expenses related to the projects	9,656	6,138
0	0	Prepayments from customers	1,615	1,530

Note **kEUR**

19 **EQUITY**

Financial management
The Group continuously assesses the need to adapt the capital structure to balance the higher demands for return on equity with the increased uncertainty that is linked to external financing. At the end of 2011, the equity share of the total assets amounted to 24.7% (2010: 31.0%). Return on equity in 2011 totalled -39.4% (2010: -47.1%).

The Group policy is to ensure that the Group can continue to qualify for a comfortable investment grade credit rating.

Share capital

Specification of movements in share capital:

	2011	2010	2009	2008	2007
Share capital at 1 January	6,118	6,118	6,118	6,118	6,118
New subscription of shares	218	0	0	0	0
Capital reduction	-3,059	0	0	0	0
Share capital at 31 December	3,277	6,118	6,118	6,118	6,118

The share capital consists of 2,436,149 shares @ DKK 10

All shares rank equally.

Own shares	Number		Nominal value (kEUR)		% of share capital	
	2011	2010	2011	2010	2011	2010
1 January	45,408	45,408	122	122	2.0%	2.0%
Change in share denomination	0	0	-61	0	0%	0%
Change in new subscription of shares	0	0	0	0	-0.1%	0.0%
Purchase	0	0	0	0	0.0%	0.0%
Sale	-31,080	0	-42	0	-1.3%	00%
31 December	14,328	45,408	19	122	0.6%	2.0%

Dividend
It is proposed that a dividend of 0 kEUR (2010: 0 kEUR) be paid, corresponding to a dividend per share of 0 kEUR (2010: 0 kEUR).

The distribution of dividends to SKAKO's shareholders has no tax-related consequences for SKAKO A/S.

Hedging reserve
The hedging reserve includes the accumulated net change in the fair value of hedging transactions that qualify as hedges of expected future cash flows, where the hedged transaction has not yet been realised.

Translation reserve
The translation reserve includes all exchange rate adjustments arising on the translation of the financial statements of foreign enterprises from their functional currencies into the presentation currency of the SKAKO Group (DKK), and exchange adjustments concerning assets and liabilities that constitute a part of the Group's net investment in a foreign entity.

Capital reduction reserve
The capital reduction reserve includes proceeds from the capital reduction arising from changing the nominal value of the shares from DKK 20 to DKK 10 per share.

NOTES, CONTINUED

Note **kEUR**

20 **DEFERRED TAX**

Parent company			Group	
2010	**2011**		**2011**	**2010**
0	0	Tax asset	-1,963	-2,235
0	0	Deferred tax, liability	36	13
0	0	**Deferred tax at 31 December**	-1,926	-2,222
0	0	Intangible assets	107	-330
0	0	Property, plant and equipment	-1,997	-1,724
0	0	Inventories	35	-8
0	0	Trade receivables	940	431
0	0	Provisions and debt	-573	-532
0	0	Tax loss carry-forwards	-439	-59
0	0	**Deferred tax at 31 December**	-1,926	-2,222
58	0	Movements in deferred tax	296	1
0	0	Movements in deferred tax, discontinued operations	0	-7
0	0	Exchange rate adjustments, etc.	2	18
0	0	Tax losses for recapture under joint taxation	-564	-3
58	0	**Allocated**	-266	8
		Time horizon for expected allocation of recognised deferred tax assets:		
0	0	0 - 1 year	404	564
0	0	1 - 5 years	1,559	1,672
0	0		1,963	2,235
		Deferred tax assets not recognised in the balance sheet relate to:		
18	0	Intangible assets	886	904
0	17	Property, plant and equipment	396	719
0	0	Inventories	178	119
0	0	Trade receivables	190	0
0	33	Provisions and debt	41	83
290	387	Tax losses	6,360	5,272
308	436		8,051	7,097

21 **Convertible bonds**

At the end of December 2011, SKAKO A/S issued 2-year convertible bonds on the following terms: Interest is paid on the loan sum at a variable rate corresponding to the interest rate on SKAKO A/S' business credit less 0.5 percentage points. The loan and the bond are subordinated in relation to SKAKO A/S's unsecured creditors, but the lender is entitled to settlement in advance of creditors who are subordinate to unsecured claims in the event of bankruptcy, as well as accountable or subordinated loans. During the first year, the bonds cannot be converted into shares in SKAKO A/S unless a public purchase offer is made to the shareholders in SKAKO A/S. The conversion premium was set by the Board of Directors of SKAKO A/S on the date of issue, and amounts to DKK 18.50 per share, which corresponds to the market price at the time of issue. If the lender has not issued notification of conversion of the loan, the loan sum and the accrued, unpaid interest shall fall due for payment at the end of the 2-year period from the time of issue.

Note **kEUR**

22 **PENSIONS AND SIMILAR LIABILITIES**

Parent company			Group	
2010	**2011**		**2011**	**2010**
0	0	Current value of defined benefit plans	236	198
0	0	Fair value of plan assets	-20	-19
0	0	**Net liability recognised in the balance sheet**	216	178
		Development in current value of defined benefit liability		
0	0	Liability at 1 January	198	171
0	0	Exchange adjustments	-1	-1
0	0	Pension costs concerning the current financial year	39	27
0	0	**Liability at 31 December**	236	198
		Development in fair value of pension assets		
0	0	Pension assets at 1 January	19	19
0	0	Actuarial gains/losses	1	0
0	0	**Pension assets at 31 December**	20	19
		Pension expense recognised in the income statement		
0	0	Pension costs concerning the current financial year	39	27
0	0	Calculated interest relating to the liability	0	0
0	0	Total recognised for defined benefit plans	39	27
59	54	Total recognised for defined contribution plans	566	587
59	54	**Total allocated**	605	614

The expense is recognised in the accounts as follows:

Parent company			Group	
2010	**2011**		**2010**	**2011**
0	0	Production expenses	357	367
0	0	Distribution expenses	92	102
59	54	Administration expenses	157	146
59	54		605	614

Note | kEUR

22 **PENSIONS AND SIMILAR LIABILITIES, CONTINUED**

The following accumulated actuarial gains/losses since 1 January 2006 have been recognised in the statement of recognised gains and losses:

0	0	Accumulated actuarial gains/losses	-2	-1
		Pension assets are composed as follows:		
0	0	European shares	20	19
0	0	Pension assets at 31 December	20	19
		Return on pension assets:		
0	0	Actual return on plan assets	1	0
0	0	Actuarial losses on plan assets	1	0

The assumptions underlying actuarial calculations at the balance sheet date are as follows:

Average discount rate applied	4.0%	4.0%
Estimated return on plan assets	4.0%	3.7%

The sums for the current year and the prior 4 years for the Group pension liabilities are as follows:

	2011	2010	2009	2008	2007
Actuarially calculated pension liabilities	236	198	171	102	105
Pension assets	-20	-19	-19	-18	-43
Deficit cover	**216**	**178**	**152**	**84**	**62**
Changes to liabilities based on experience	0	0	0	0	0
Changes to pension assets based on experience	1	0	1	1	1

NOTES, CONTINUED

Note **kEUR**

23 **OTHER PROVISIONS**

Parent company 2010	Parent company 2011		Group 2011	Group 2010
0	0	Warranty provisions at 1 January	882	828
0	0	Used during the year	-419	-745
0	0	Unused warranty provisions reversed	-103	-24
0	0	Provisions for the year	685	824
0	0	Transferred to liabilities concerning assets held for sale	-235	0
0	0	**Warranty provisions at 31 December**	810	882
0	0	Other provisions at 1 January	287	608
0	0	Used during the year	-221	-370
0	0	Unused provisions reversed	-27	-44
0	0	Provisions for the year	259	94
0	0	**Other provisions at 31 December**	299	287
0	0	**Other provisions at 31 December**	1,108	1,169
		The due dates for other provisions are expected to be:		
0	0	0 - 1 year	857	960
0	0	1 - 5 years	251	209
0	0		1,108	1,169

Warranty provisions include obligations for the standard 1–3-year warranty on the Group's products.

Other provisions include provisions for ongoing disputes.

Note **kEUR**

24 **DEBT TO CREDIT INSTITUTIONS AND OTHER LEASING DEBT**

Parent company 2010	Parent company 2011		Group 2011	Group 2010
		Debt to credit institutions and other leasing debt is recognised as follows in the balance sheet:		
75	0	Non-current liabilities	3,498	3,768
98	75	Current liabilities	4,537	7,362
174	75		8,034	11,130
174	75	Fair value	8,014	11,106

At 31 December, the Group has the following loans and credits:

Loans and credits	Maturity	Fixed/ variable	Nominal interest rate	Net book value 2011 kEUR	Net book value 2010 kEUR	Fair value 2011 kEUR	Fair value 2010 kEUR
Credits:							
DKK		Variable	Danske BOR+5.20%	489	3,657	489	3,657
USD		Variable	Danske BOR+5.20%	2,087	930	2,087	930
EUR		Variable	Danske BOR+5.20%	248	1,035	248	1,035
NOK		Variable	Danske BOR+5.20%	123	305	123	305
SEK		Variable	Danske BOR+5.20%	77	235	77	235
CHF		Variable	Danske BOR+5.20%	0	0	0	0
GBP		Variable	Danske BOR+5.20%	560	447	560	447
Loans:							
EUR	2019	Fixed	4.11%	3,763	4,277	3,750	4,262
EUR	2016	Fixed	0.00%	32	39	24	30
				7,378	10,924	7,358	10,899

Liabilities relating to financial leasing are recognised in the debt liabilities as follows:

kEUR	2011 Leasing instalment	2011 Interest	2011 Net book value	2010 Leasing instalment	2010 Interest	2010 Net book value
0-1 year	308	10	298	135	4	131
1-5 years	373	15	358	76	1	75
	681	25	656	211	5	206

Parent company 2010	Parent company 2011		Group 2011	Group 2010
		The due dates for non-current liabilities:		
75	0	1 - 5 year	2,748	2,510
0	0	> 5 years	750	1,258
75	0		3,498	3,768

Note **kEUR**

25 **Other payables**

Other payables under current liabilities primarily comprise VAT and duties, as well as items related to wages and salaries.

26 **Contingent assets**

As a result of uncertainty concerning future utilisation, deferred tax assets totalling 8.1 mEUR are not recognised, cf. Note 20.

27 **Contingent liabilities and securities**

The SKAKO Group's total rent obligations amount to 0.3 mEUR, and all will fall due within one (1) year. The SKAKO Group's total lease obligations amount to DKK 1.3 mEUR, of which 0.6 mEUR fall due within one (1) year.
See Note 35.

The individual companies in the SKAKO Group have the following contingent liabilities and securities:

SKAKO A/S

As security for all accounts outstanding with Danske Bank, SKAKO A/S has posted unlimited joint surety for SKAKO Concrete A/S and SKAKO Vibration A/S.

SKAKO A/S, SKAKO Concrete A/S and SKAKO Vibration A/S have jointly posted a company pledge towards Danske Bank in the amount of 6.7 mEUR, with liens in unsecured claims, inventories, property, plant and equipment, and intellectual property rights.

SKAKO A/S has issued a notice of withdrawal concerning the balance on the account outstanding at any time with SKAKO Lift A/S.

SKAKO A/S' rent and lease obligations amount to 0.3 mEUR

SKAKO Concrete A/S

The Group's rent and lease obligations amount to 1.4 mEUR. Repurchase commitments concerning leased assets total 0.1 mEUR
The Group has posted security for goods deliveries, prepayments, etc. in the total amount of 2.9 mEUR

SKAKO Lift A/S

The company's rent obligations total 0.1 mEUR

28 **ADJUSTMENTS**

Parent company			Group	
2010	**2011**		**2011**	**2010**
5	100	Depreciation	812	820
0	0	Change in other provisions	213	-327
-583	-1,754	Financial income	-46	-42
8,112	160	Financial expenditure	587	679
0	-8	Accounting gains on sale of operating plant	-8	0
0	-98	Instalments, financial leasing	-246	-68
0	0	Other adjustments	-2	0
7,534	-1,600		1,310	1,062


Nuova Beton
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SKAKO
VIBRATION

Note kEUR

29 **CHANGE IN WORKING CAPITAL**

Parent company 2010	Parent company 2011		Group 2011	Group 2010
0	0	Change in inventories	1,231	1,964
202	-65	Change in receivables	-3,284	4,013
-146	5	Change in current liabilities, excl. bank debt and tax	33	-155
56	-60		-2,019	5,822

30 **NON-CASH TRANSACTIONS**

Parent company 2010	Parent company 2011		Group 2011	Group 2010
0	0	Acquisition of intangible assets, cf. Note 13	0	-67
171	13	Acquisition of property, plant and equipment, cf. Note 14	996	-122
0	0	Acquisition of property, plant and equipment recognised in liabilities	0	0
-171	0	Of which, financial lease assets	-729	0
0	13	**Paid relating to acquisition of intangible assets, property, plant and equipment**	267	-190
171	0	Proceeds from raising financial liabilities	729	0
-171	0	Of which, leasing debt	-729	0
0	0	**Proceeds from raising financial liabilities**	0	0

31 **CASH AT BANK AND IN HAND, CLOSING BALANCE**

Parent company 2010	Parent company 2011		Group 2011	Group 2010
0	0	Cash at bank and in hand	2,279	3,586
0	0	Cash at bank and in hand classified as asset intended for sale	567	0
-1,276	-72	Bank debt	-3,584	-6,608
-1,276	-72		-738	-3,023

32 **Closely related parties**

SKAKO A/S has no closely related parties with controlling influence on the company.

The company's closely related parties with significant influence include the Board of Directors and Executive Board of the company, the heads of division in the subsidiaries companies – cf. Note 15 – and these people's immediate family members.

Closely related parties also include companies in which the persons mentioned above have significant interests.

Over and above salaries and fees in 2011, no agreements have been reached and no deals or transactions have been completed with other closely related parties.

In addition, closely related parties include the subsidiaries companies – cf. Note 15 – where SKAKO A/S holds controlling or significant interest.

Trade with subsidiaries companies has included the following:

Parent company 2010	Parent company 2011	
761	782	Sale of services
423	320	Interest on accounts outstanding
1,184	1,102	

Transactions with subsidiaries companies are eliminated in the consolidated accounts.

In 2011, SKAKO A/S received no dividend from subsidiaries companies (2010: kEUR).

33 **SHAREHOLDINGS IN SKAKO A/S FOR THE BOARD OF DIRECTORS AND EXECUTIVE BOARD**

	Movements for the year (number)	Number of shares held	Nom. value	Market price at 31 December 2011, EUR
Lars Bugge, CEO	81,131	81,131	811,310	189,890
Carl Christian Graversen, CFO	13,514	13,514	135,140	31,630
Kaare Vagner, Chairman of the Board	0	3,200	32,000	7,490
Christian Herskind, Deputy Chairman of the Board	101,027	107,203	1,072,030	250,912
Per Have, Board member	13,514	13,514	135,140	31,630
Jens Wittrup Willumsen, Board member	27,027	29,076	290,760	68,053

34 **CURRENCY AND INTEREST RISKS, AND THE APPLICATION OF DERIVATIVE FINANCIAL INSTRUMENTS**

The Group's risk management policy
As a result of its operations, investments and financing activities, the Group is exposed to the effects of changes in exchange and interest rates. It is Group policy not to enter into active speculation in financial risks. The Group's financial management is thus directed solely towards the management of financial risks relating to operations and financing. Management is performed in the individual subsidiaries companies.

When choosing between several types of financial instrument with the capacity to achieve a specific level of coverage, simplicity is considered crucial.

For a description of accounting principles and methods – including the recognition criteria and measurement bases used – see the information presented under "Accounting principles".

Liquidity risks
The Group's liquidity reserve consists of deposits and fixed, agreed overdraft facilities at major credit institutions. The Group's liquidity reserve totals 6.6 mEUR

Securities are recognised at fair value, based on the official market price, corresponding to level one in the IFRS fair value hierarchy.

Currency risks
The Group's foreign enterprises are not significantly affected by exchange rate fluctuations, as both income and expenses are calculated in local currency. Operations performed by Danish companies are affected by exchange rate fluctuations, as turnover is primarily generated in foreign currency, while expenses – including payroll expenses – are paid in Danish kroner (DKK).

The Group is also affected by exchange rate changes because the profits of the foreign subsidiaries companies are translated into Danish kroner (DKK) at the end of the financial year on the basis of average exchange rates.

The Group's currency risks are primarily covered by recognising income and expenses in the same currency. The coverage is principally applied via currency credits and foreign exchange futures contracts.

The Group's currency risks in the balance sheet 31 December 2011

	Nominal position					Sensitivity		
Currency	Securities, cash and cash equivalents	Receivables	Liabilities	Covered via foreign exchange futures contracts and currency swaps (notional principal)	Net position	Change in exchange rate	Hypothetical effect on profit for the year	Hypothetical effect on equity*
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
USD	364	252	-2,130	0	-1,514	10%	-196	-155
SEK	1	66	-87	0	-19	5%	-1	-1
NOK	47	121	-124	0	44	5%	2	2
EUR	1,549	9,661	-11,422	0	-212	1%	33	121
GBP	310	760	-759	0	310	10%	-3	40
DKK	19	565	-4,812	0	-4,228			
Other	2	1,210	-26	0	1,185	5%	59	59
	2,291	12,635	-19,360	0	-4,435			

* Includes effect on participating interests.

NOTES WITHOUT REFERENCE, CONTINUED

34 **CURRENCY AND INTEREST RISKS, AND THE APPLICATION OF DERIVATIVE FINANCIAL INSTRUMENTS, CONTINUED**

The Group's currency risks in the balance sheet, continued

31 December 2010

	Nominel position					Følsomhed		
Currency	Securities, cash and cash equivalents	Receivables	Liabilities	Covered via foreign exchange futures contracts and currency swaps (notional principal)	Net position	Change in exchange rate	Hypothetical effect on profit for the year	Hypothetical effect on equity*
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
USD	427	1,399	-1,196	0	629	10%	97	170
SEK	2	225	-258	0	-32	5%	-2	-2
NOK	24	239	-309	0	-46	5%	-2	-2
EUR	2,962	7,006	-11,956	0	-1,988	1%	40	128
GBP	164	715	-367	0	512	10%	34	68
DKK	18	1,346	-10,540	0	-9,176			
Other	1	1,352	-194	0	1,159	5%	58	58
	3,598	12,281	-24,819	0	-8,941			

* Includes effect on participating interests.

With the exception of derivative financial instruments established for the purpose of hedging currency risks in the balance sheet, no changes in the fair value of unlisted financial assets and liabilities have been recognised in the income statement.


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34 **CURRENCY AND INTEREST RISKS, AND THE APPLICATION OF DERIVATIVE FINANCIAL INSTRUMENTS, CONTINUED**

Interest risk
The Group's interest-bearing financial assets and liabilities have the following term to contractual review or maturity, depending on which date occurs first.

31 DECEMBER 2011

Accounting value in mEUR	Term to review or maturity, if earlier				
Category	0-1 year	1-5 years	> 5 years	Total	Effective interest rate (%)
Trade receivables	12.6	0.0	0.0	12.6	0 - 4
Cash at bank and in hand	2.3	0.0	0.0	2.3	0 - 4
Securities	0.0	0.0	0.0	0.0	3 - 4
Financial assets	14.9	0.0	0.0	14.9	
Other current and non-current liabilities	14.3	0.0	0.0	14.3	0 - 4
Convertible bonds	0.0	1.5	0.0	1.5	4 - 5
Bank debt	4.1	2.5	0.8	7.4	3 - 5
Leasing debt	0.3	0.3	0.0	0.6	6 - 8
Financial obligations	18.8	4.4	0.8	23.9	

31 DECEMBER 2010

Accounting value in mEUR	Term to review or maturity, if earlier				
Category	0-1 year	1-5 years	> 5 years	Total	Effective interest rate (%)
Trade receivables	12.3	0.0	0.0	12.3	0 - 4
Cash at bank and in hand	3.6	0.0	0.0	3.6	0 - 4
Securities	0.0	0.0	0.0	0.0	3 - 4
Financial assets	15.9	0.0	0.0	15.9	
Other current and non-current liabilities	13.8	0.0	0.0	13.8	0 - 4
Bank debt	7.1	2.5	1.3	10.9	3 - 5
Leasing debt	0.1	0.1	0.0	0.2	6 - 8
Financial obligations	21.0	2.6	1.3	24.9	

Credit risks
The Group's credit risk relates in part to primary financial assets, and in part to derivative financial instruments with positive fair value. Credit risks linked to financial assets correspond to the values recognised in the balance sheet.

The Group has no significant risks relating to an individual customer or partner. As a result of the Group's policy for taking on credit risks, the creditworthiness of all major customers and other partners is reviewed continuously, and the Group also takes out credit insurance to a certain extent.

34 **CURRENCY AND INTEREST RISKS, AND THE APPLICATION OF DERIVATIVE FINANCIAL INSTRUMENTS, CONTINUED**

Credit risks, continued

Receivables from sales are distributed by credit quality (kEUR) as follows:

Parent company			Group	
2010	**2011**		**2011**	**2010**
0	4	Denmark	1,531	1,040
0	0	Euro-zone countries	3,892	4,972
0	0	Great Britain	783	726
0	0	Rest of Europe	649	900
0	0	United States	213	1,005
0	0	Other countries	4,104	2,019
0	4		11,172	10,662

At the end of the financial year, the age distribution of receivables from sales and provisions to cover losses on same was:

	Gross 2011	Provisions 2011	Gross 2010	Provisions 2010
Not due	8,985	0	7,458	11
Fallen due, 0–30 days	906	0	1,092	5
Fallen due, 31–120 days	1,229	59	1,754	104
Fallen due between 121 days and 1 year	91	12	424	7
Fallen due, more than 1 year	330	298	990	929
	11,540	368	11,718	1,056

The movements for the year in provisions to cover losses on receivables from sales can be specified as follows:

Parent company			Group	
2010	**2011**		**2011**	**2010**
0	0	Balance at 1 January	1,056	1,159
0	0	Provisions for the year	-48	154
0	0	Used during the year	-491	-257
0	0	Transferred to assets held for sale	-149	0
0	0	Balance at 31 December	368	1,056

Price risks
The Group has a normal price risk on purchases and products sold. The opportunities to pass price increases onto selling prices depend on factors including the market situation. The Group's policy is to ensure that, where possible, long-term contracts with customers and suppliers contain the right to renegotiation in the event of significant changes in raw material prices.

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OPERATIONAL LEASING

Irrevocable operational leasing instalments are as follows:

Parent company			Group	
2010	**2011**		**2011**	**2010**
44	30	0-1 years	550	400
49	33	1-5 years	708	460
0	0	> 5 years	0	0
93	64		1,259	860

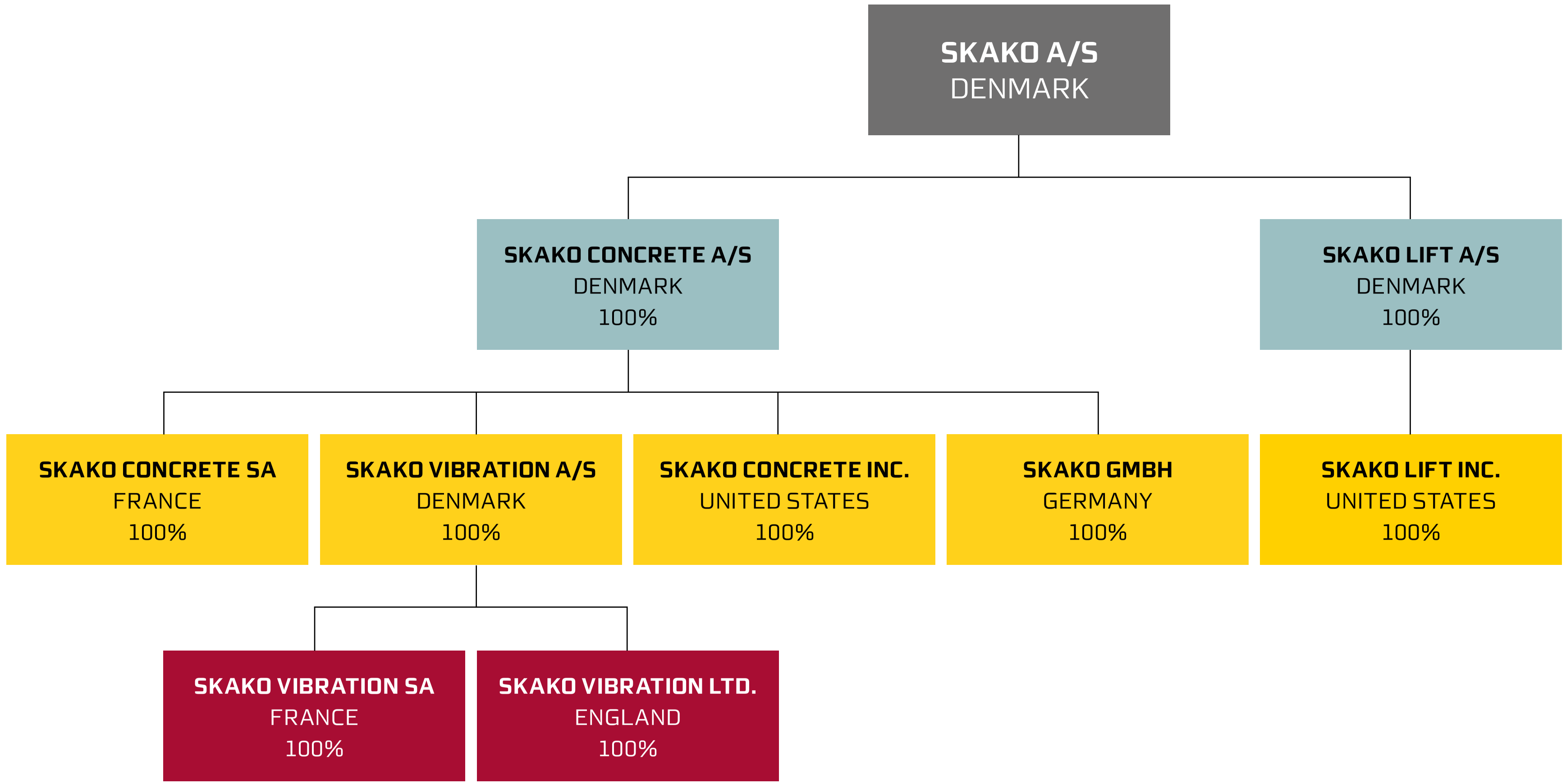
The Group leases tools and equipment under operational leasing contracts. The leasing period is typically between three and six years, with the option to extend on expiry of the period. None of the leasing contracts contains conditional rent instalments.

The income statement for the parent company recognises 23 kEUR (2010: 24 kEUR) relating to operational leasing.

The income statement for the Group recognises 585 kEUR (2010: 419 kEUR) relating to operational leasing.

GROUP OVERVIEW, ACTIVE COMPANIES

AT 31 DECEMBER 2011



GROUP OVERVIEW AT 31 DECEMBER 2011:

Company name and registered office	Share capital		Parent company share in %	Participating interest in %
	Sum (1,000)	currency		
Subsidiaries companies				
SKAKO Concrete A/S, Faaborg, Denmark	90,920	DKK	100	
SKAKO GmbH, Kaufungen, Germany	51	EUR		100
SKAKO Concrete Inc., San Diego, United States	510	USD		100
SKAKO Concrete S.A., Lille, France	721	EUR		100
SKAKO Vibration A/S, Faaborg, Denmark	2,000	DKK		100
SKAKO Vibration Ltd., Tadcaster, England	15	GBP		100
SKAKO Vibration S.A., Strasbourg, France	299	EUR		100
SKAKO Lift A/S, Odense, Denmark	5,000	DKK	100	
SKAKO Lift Inc., Kingwood, Texas, United States	1	USD		100
Inactive company				
Gram Holding Vojens A/S, Faaborg, Denmark	1,000	DKK	100	