

Vikan A/S

Rævevej 1

7800 Skive

CVR No.: 10 29 01 47

Annual report 2015

Approved at the Company's annual general meeting on 14th of April 2016

Chairman of the meeting

A handwritten signature in blue ink, consisting of a stylized 'S' shape followed by a horizontal line.

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Company details

Company

Vikan A/S

Rævevej 1

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CVR No.: 10 29 01 47

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Board of Directors

Niels Hermansen, Chairman

Poul Erik Vennekilde, Vice chairman

Torben Voss

Lotte Franch Wamberg

Inger Arensbach *

Else Marie Pedersen *

*) Employee representative

Executive Board

CEO Carsten Bo Pedersen

Auditors

Ernst & Young P/S

Englandsgade 25

DK-5000 Odense C

CVR No.: 30 70 02 28

Statement by the Board of Directors and the Executive Board

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

The annual report has been prepared in accordance with the Danish Financial Statements Act.

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

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

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

Copenhagen, 14th of April 2016

Executive Board




Carsten Bo Pedersen
CEO

Board of Directors



Niels Hermansen
Chairman



Poul Erik Vennekilde
Vice chairman

Torben Voss



Lotte Franch Wamberg



Inger Arensbach
Employee representative



Else Marie Pedersen
Employee representative

Independent auditors' report

To the shareholders of Vikan A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Vikan A/S for the financial year 1 January – 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent auditors' report**Statement on the Management's review**

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

Odense, 14th of April 2016

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Brian Skovhus Jakobsen

State Authorised
Public Accountant



Michael Sig

State Authorised
Public Accountant

Management's review

Hereby, the Board of Directors and the Executive Board of Vikan A/S have prepared the annual report and the Management's review for 2015.

Group chart



The activities of the companies comprise production, sale and distribution.

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights of the Group					
Key figures					
Revenue	347,100	327,944	310,640	298,338	312,108
Gross profit	151,849	137,671	130,063	116,419	117,422
Operating profit	47,063	40,669	36,839	30,706	29,047
EBITDA	59,525	52,094	47,599	40,978	41,210
Financial income and financial expenses	-4,006	-2,785	-3,029	-3,738	-3,277
Profit/loss before tax	43,057	37,884	33,810	26,969	25,771
Profit/loss for the year	32,458	28,427	26,359	21,620	18,639
Investments in property, plant and equipment	10,448	17,337	11,876	15,518	9,948
Inventories	60,091	64,492	59,422	57,701	62,199
Trade receivables	52,535	47,092	43,862	48,734	45,576
Equity	94,448	85,071	82,393	77,628	75,613
Net interest-bearing debt	43,166	54,222	42,695	61,719	72,352
Total assets	218,425	214,520	208,026	206,917	210,005
Cash flows from operating activities	47,954	29,114	48,968	42,284	34,783
Financial ratios					
	2015	2014	2013	2012	2011
Gross margin (%)	43.7	42.0	41.9	39.0	37.6
Operating margin (%)	13.6	12.4	11.9	10.3	9.3
Return on capital employed (%)	22.6	19.2	17.8	16.0	14.7
Debt leverage	0.7	1.0	0.9	1.5	1.8
Return on equity (%)	34.6	34.6	32.9	28.2	26.9
Solvency ratio (%)	43.3	39.7	39.6	37.5	36.0

Management's review

Principal activities

The principal activities of the Vikan Group are to develop, manufacture and market hygiene cleaning tools based on the needs of our customers and statutory requirements. Vikan markets a broad range of cleaning tools and solutions which are primarily intended for the following sectors:

- Food & beverage
- Kitchens & restaurants
- Healthcare
- Education & local authorities
- Retail & supermarkets
- Transport

Vikan offers a wide range of products and solutions which ensure both hygienic and effective cleaning which contribute to ensuring that our customer's growing hygienic standards are being met. For further information please visit the Vikan website www.vikan.com

Development in activities and financial position in the financial year

Consolidated revenue totalled DKK 347 million in the year under review against DKK 328 million in 2014. Vikan A/S continued to grow its core business areas under the Vikan brand umbrella, whereas revenue from private label products was reduced in accordance with the Company's strategy.

The growth realised, a favourable mix of products and currency rates as well as improved internal efficiencies supported an increase in the consolidated results after tax which totalled DKK 32 million in 2015 against DKK 28 million in 2014. The realised result in 2015 is considered satisfactory.

Vikan remains committed to its leading position as a provider of the most innovative hygiene cleaning tools. In 2015 the company introduced a number of new products including an innovative range of products for hygienic critical cleaning operations based upon the Ultra Safe Technology (UST).

Total investments amounted to DKK 12 million in 2015. Significant investments was completed in new products, sales and marketing as well as product development activities and an update of the IT systems. All investments are expected to support further growth in sale in the years ahead.

The Group realised positive cash flows from operations totalling DKK 48 million.

Outlook 2016

Based on the Group's strategy, continued growth and positive earnings are expected.

Management's review

Cash resources and capital structure

At 31 December 2015, equity amounted to DKK 94 million. Solvency ratio totalled 43.2 % at the end of the financial year. Net interest-bearing debt has been decreased by DKK 0,7 million to DKK 43 million. Consequently, the debt leverage (relation between net interest-bearing debt and EBITDA) totalled 0.7 at the end of 2015.

Particular risks

In relation to operations, financing, foreign exchange, interest and credit conditions, there are no commercial uncertainties or risks other than those considered usual for the industry which have a considerable impact on future earnings.

Management is aware that fluctuations in raw material prices and market development as well as foreign exchange fluctuations may impact consolidated results for 2016 significantly.

Corporate social responsibility

Vikan A/S has not drawn up an overall policy for corporate social responsibility. However a number of activities is carried out within social, environmental and ethical responsibility. During 2015, the Company took several measures to improve the work environment, environmental impact and social responsibility.

Transactions with the Company's most important suppliers are made in accordance with guide lines regarding employee and environmental conditions and are in compliance with applicable legislation. During 2015 the Company have been audited and approved by major international customers with strict requirement.

Intellectual capital and gender quotation on the Management Board

The Company constantly invests in the training of its employees. A number of training programs has been completed throughout the organisation in 2015. Vikan A/S operates from the principle that diversity among its employees, including gender balance, contributes positively to the work environment and strengthens the Company's performance and competitiveness. The Company thus has a clear policy regarding discrimination and intends at all times to employ and retain its employees based on qualifications and competences. At the end of 2015, more than half of Vikan A/S' employees are women. Vikan A/S has as an objective that the underrepresented gender accounts for at least 25% of the Company's executive management and Board of Directors. Both objectives are attained in the accounting year 2015 and a new objective of at least 40% is now set to be reached in 2019.

Research and development

Continuous product development takes place within the Company's business areas. Based on the continuous development, the Company aims at being market leader within its product areas. Development activities are based on both customer-specific projects as well as internally defined projects.

Management's review

Environment

Vikan A/S is committed to operate in an environmental friendly manner. The Company continuously strives at improving its environmental impact, which among other things is achieved through the Company's environmental management system ISO 14001 and its focus on any potential for minimising the consumption of raw materials and other scarce resources.

Vikan A/S regularly optimises its energy consumption both in terms of production and administration in order to ensure low operating costs and to obtain the most optimum environmental impact.

All production sites are certified to the ISO standards ISO 9001 for quality and ISO 14001 for environment.

Reference is made to the Company's website for more details on the Company's environmental policy.

<http://www.vikan.com/uk/environment/>

Events after the balance sheet date

No events have occurred after the balance sheet date affecting the evaluation of the annual report.

Income statement for the period 1 January – 31 December

		Consolidated		Parent company	
	Note	2015 DKK'000	2014 DKK'000	2015 DKK'000	2014 DKK'000
Revenue	1	347,100	327,944	278,592	261,627
Production costs	2.3	-195,251	-190,273	-175,697	-169,879
Gross profit		151,849	137,671	102,895	91,748
Distribution costs	2.3	-71,094	-69,561	-45,751	-44,379
Administrative expenses	2,3,4	-33,692	-27,441	-22,358	-17,818
Operating profit		47,063	40,669	34,786	29,551
Profit of group enterprises after tax	5	0	0	8,813	6,486
Financial income	6	1,065	782	577	427
Financial expenses	7	-5,071	-3,567	-4,193	-2,810
Profit before tax		43,057	37,884	39,983	33,654
Tax on profit for the year	8	-9,984	-8,910	-7,525	-5,227
Profit before non-controlling interest		33,073	28,974	32,458	28,427
Non-controlling interests' share of subsidiary results		-615	-547	0	0
Profit for the year		32,458	28,427	32,458	28,427
Proposed profit appropriation					
Proposed dividends for the financial year				25,000	25,000
Retained earnings				7,458	3,427
				32,458	28,427

Assets at 31 December

		Consolidated		Parent company	
	Note	2015 DKK'000	2014 DKK'000	2015 DKK'000	2014 DKK'000
Research and development		1,670	593	1,670	593
Patents and licences acquired		734	1,047	734	1,047
Goodwill		234	738	233	323
Intangible assets	9	2,638	2,378	2,637	1,963
Land and buildings		43,451	45,475	32,125	33,504
Plant and machinery		22,811	17,593	22,050	16,433
Fixtures and fittings, other plant and equipment		11,332	6,158	10,944	5,761
Property, plant and equipment under construction		1,601	10,799	1,281	10,276
Property, plant and equipment	10	79,195	80,025	66,400	65,974
Investments in group enterprises		0	0	32,859	32,829
Investments	11	0	0	32,859	32,829
Non-current assets		81,833	82,403	101,896	100,766
Raw materials and consumables		24,564	25,593	15,668	17,427
Work in progress		819	1,127	463	482
Finished goods and goods for resale		34,708	37,772	28,489	30,119
Inventories		60,091	64,492	44,620	48,028
Trade receivables		52,535	47,092	35,142	30,672
Amounts owed by subsidiaries		9,229	11,818	13,047	12,596
Other receivables		1,304	1,566	343	875
Prepayments	12	2,606	1,805	1,878	1,177
Receivables		65,674	62,281	50,410	45,320
Cash at bank and in hand		10,827	5,344	4,969	0
Current assets		136,592	132,117	99,999	93,348
Assets		218,425	214,520	201,895	194,114

Equity and liabilities at 31 December

	Note	Consolidated		Parent company	
		2015 t.kr.	2014 t.kr.	2015 t.kr.	2014 t.kr.
Share capital	13	8,000	8,000	8,000	8,000
Revaluation reserve		4,056	4,056	0	0
Retained earnings		57,392	48,015	61,448	52,071
Proposed dividends for the financial year		25,000	25,000	25,000	25,000
Equity		94,448	85,071	94,448	85,071
Non-controlling interests	14	2,070	2,055	0	0
Deferred tax	15	9,229	7,608	7,862	6,219
Provisions		9,229	7,608	7,862	6,219
Mortgage debt		47,711	51,538	40,030	43,057
Lease obligations		8,649	7,507	8,649	7,507
Non-current liabilities other than provisions	16	56,360	59,045	48,679	50,564
Current portion of non-current liabilities	16	6,863	6,513	6,080	5,346
Bank loans and overdrafts		0	5,826	0	4,731
Trade payables		15,686	17,375	12,754	14,154
Payables to group enterprises		0	0	10,981	8,349
Corporation tax		6,519	5,082	4,996	3,122
Other payables		27,250	25,945	16,095	16,558
Current liabilities		56,318	60,741	50,906	52,260
Liabilities other than provisions		112,678	119,786	99,585	102,824
Equity and liabilities		218,425	214,520	201,895	194,114
Charges and contingent liabilities, etc.	17-18				
Other notes	19-22				

Statement of changes in equity for 2015

Consolidated

	Share capital DKK'000	Revaluation reserve DKK'000	Retained earnings DKK'000	Proposed dividends DKK'000	Total DKK'000
Equity 01.01.2015	8,000	4,056	48,015	25,000	85,071
Dividends paid	0	0	0	-25,000	-25,000
Profit for the year	0	0	7,458	25,000	32,458
Foreign exchange adjustments regarding foreign subsidiaries	0	0	928	0	928
Net adjustment of hedging instruments	0	0	991	0	991
Equity 31.12.2015	8,000	4,056	57,392	25,000	94,448

Parent company

	Share capital DKK'000	Revaluation reserve DKK'000	Retained earnings DKK'000	Proposed dividends DKK'000	Total DKK'000
Equity 01.01.2015	8,000	0	52,071	25,000	85,071
Dividends paid for the year	0	0	0	-25,000	-25,000
Profit for the year	0	0	7,458	25,000	32,458
Foreign exchange adjustments regarding foreign subsidiaries	0	0	928	0	928
Net adjustment of hedging instruments	0	0	991	0	991
Equity 31.12.2015	8,000	0	61,448	25,000	94,448

Cash flow statement for the period 1 January – 31 December

	Note	2015 DKK'000	2014 DKK'000
Operating profit		47,063	40,669
Depreciation, etc. with no cash flow effect		12,462	11,425
Other items with no cash flow effect		1,326	-749
Change in operating capital	23	-1,965	-10,853
		58,886	40,492
Interest income received, etc.		1,065	782
Interest expenses incurred, etc.		-5,071	-3,567
Corporation tax paid		-6,926	-8,593
Cash flows from operating activities		47,954	29,114
Capital investment, net		-11,898	-15,642
Cash flows from investing activities		-11,898	-15,642
Repayment of loans/raising of loans, net		-2,335	646
Changes in balances, group enterprises		2,589	-2,570
Dividends paid		-25,000	-25,000
Cash flows from financing activities		-24,746	-26,924
Changes in cash and cash equivalents		11,310	-13,452
Cash and cash equivalents at 1 January		-482	12,970
Cash and cash equivalents at 31 December	24	10,827	-482

Notes**Consolidated****Parent company**

	2015	2014	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000
1. Revenue				
Broken down on geographical markets:				
Denmark	42,059	44,394	36,159	38,070
Other countries	305,041	283,550	242,433	223,557
Total	347,100	327,944	278,592	261,627

Revenue is not disclosed per business area, as such disclosure in the opinion of Management and for competitive reasons will be detrimental to the Company.

2. Staff costs

Wages and salaries	83,577	80,145	62,391	57,858
Pension contributions	5,664	5,646	4,472	4,414
Other social security costs	4,499	4,326	976	905
	93,740	90,117	67,839	63,177
Thereof total remuneration of the Executive Board and the Board of Directors	4,778	4,493	4,778	4,493
Average number of employees	242	241	144	144

According to section 98b of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is disclosed as one item.

3. Impairment losses and amortisation

Research and development	300	0	300	0
Patents and licences acquired	803	1,493	810	1,493
Goodwill	504	728	90	90
Buildings	2,029	2,048	1,379	1,395
Plant and machinery	6,639	6,203	5,906	5,332
Fixtures and fittings, other plant and equipment	2,621	802	2,422	606
Gain on the disposal of non-current assets	-434	151	-434	151
	12,462	11,425	10,473	9,067

Impairment losses and amortisation are recognised as follows in the income statement:

Production costs	8,465	7,791	7,203	6,394
Distribution costs	2,452	2,231	2,309	2,080
Administrative expenses	1,545	1,403	961	593
	12,462	11,425	10,473	9,067

Notes

Consolidated

Parent company

	2015 DKK'000	2014 DKK'000	2015 DKK'000	2014 DKK'000
4. Fees to auditors appointed at the annual g. m.				
Statutory audit of the financial statements	453	442	184	182
Other assurance engagements	15	0	15	0
Tax assistance	265	253	43	160
Other assistance	80	65	24	25
	813	760	266	367
5. Profit of group enterprises after tax				
Share of profit after tax			9,206	7,124
Changes in intra-group profit on inventories			21	0
Amortisation of group goodwill			-414	-638
			8,813	6,486
6. Financial income				
Interest income from group enterprises	0	0	251	0
Other financial income	1,065	782	326	427
	1,065	782	577	427
7. Financial expenses				
Interest expense, group enterprises	0	0	510	768
Other financial expenses	5,071	3,567	3,683	2,042
	5,071	3,567	4,193	2,810
8. Tax on profit for the year				
Current tax	8,593	6,466	6,118	4,244
Adjustment of deferred tax	1,620	2,276	1,644	1,937
Tax on changes in equity	-279	168	-279	168
Adjustments regarding previous years	50	0	42	-1,122
	9,984	8,910	7,525	5,227

Notes

	Consolidated		
	Goodwill	Patents and licences acquired	Research and Development
	DKK'000	DKK'000	DKK'000
9. Intangible assets			
Cost at 01.01.2015	16,929	10,253	593
Additions	0	489	1,376
Disposals	0	-3,351	0
Cost at 31.12.2015	16,929	7,391	1,969
Amortisation at 01.01.2015	-16,191	-9,206	0
Amortisation	-504	-802	-299
Reversed amortisation in respect of disposals for the year	0	3,351	0
Amortisation at 31.12.2015	-16,695	-6,657	-299
Carrying amount at 31.12.2015	234	734	1,670
Carrying amount at 31.12.2014	738	1,047	593
	Parent company		
	Goodwill	Patents and licences acquired	Research and Development
	DKK'000	DKK'000	DKK'000
9. Intangible assets			
Cost at 01.01.2015	850	10,258	593
Additions	0	489	1,376
Disposals	0	-3,351	0
Cost at 31.12.2015	850	7,396	1,969
Amortisation at 01.01.2015	-527	-9,211	0
Amortisation	-90	-802	-299
Reversed amortisation in respect of disposals for the year	0	3,351	0
Amortisation at 31.12.2015	-617	-6,662	-299
Carrying amount at 31.12.2015	233	734	1,670
Carrying amount at 31.12.2014	323	1,047	593

Notes

	Consolidated			
	Land and buildings DKK'000	Plant and machinery DKK'000	Fixtures and fittings, other plant and equipment DKK'000	Property, plant and equip- ment under construction DKK'000
10. Property, plant and equipment				
Cost at 01.01.2015	72,219	124,818	34,903	10,799
Foreign exchange adjustment	6	10	105	0
Additions	0	11,857	7,789	12,140
Disposals	-111	-10,618	-5,625	-21,338
Cost at 31.12.2015	72,114	126,067	37,173	1,601
Revaluation at 01.01.2015	5,199	0	0	0
Revaluation at 31.12.2015	5,199	0	0	0
Depreciation at 01.01.2015	-31,943	-107,225	-28,745	0
Foreign exchange adjustment	-1	-10	-82	0
Amortisation	-2,029	-6,639	-2,621	0
Reversed depreciation in respect of disposals for the year	111	10,618	5,607	0
Depreciation at 31.12.2015	-33,862	-103,256	-25,841	0
Carrying amount at 31.12.2015	43,451	22,811	11,332	1,601
Carrying amount at 31.12.2014	45,475	17,593	6,158	10,799
The carrying amount at 31.12.2015 includes:				
Leased assets recognised	0	10,999	0	0

Notes

Parent company

	Land and buildings DKK'000	Plant and machinery DKK'000	Fixtures and fittings, other plant and equipment DKK'000	Property, plant and equip- ment under construction DKK'000
10. Property, plant and equipment				
Cost at 01.01.2015	54,817	103,117	30,844	10,276
Additions	0	11,523	7,623	11,842
Disposals	-111	-10,618	-5,606	-20,837
Cost at 31.12.2015	54,706	104,022	32,861	1,281
Depreciation at 01.01.2015	-21,313	-86,684	-25,083	0
Depreciation	-1,379	-5,906	-2,422	0
Reversed depreciation in respect of disposals for the year	111	10,618	5,588	0
Depreciation at 31.12.2015	-22,581	-81,972	-21,917	0
Carrying amount at 31.12.2015	32,125	22,050	10,944	1,281
Carrying amount at 31.12.2014	33,504	16,433	5,761	10,276
The carrying amount at 31.12.2015 includes:				
Leased assets recognised	0	10,999	0	0

Notes

	Parent company
	Investments in group enterprises DKK'000
11. Investments	
Cost at 01.01.2015	73,051
Cost at 31.12.2015	73,051
Net revaluations at 01.01.2015	-44,747
Foreign exchange adjustment	928
Share of profit/loss for the year, net	8,813
Dividends paid	-9,723
Net revaluations at 31.12.2015	-44,729
Carrying amount at 31.12.2015	28,322
Carrying amount at 31.12.2014	28,304
Recognised in the financial statements as follows:	
Investments in group enterprises	32,859
Set off against receivables from group enterprises	-4,537
	28,322
Investments in group enterprises comprise:	
	Registered Ownership
Vikan (UK) Ltd.	England 100%
Vikan France SAS	France 100%
Vikan AB	Sweden 100%
Vikan Estonia AS	Estonia 100%
Vikan GmbH	Germany 100%
Nito A/S	Denmark 80%

Notes

12. Prepayments

Prepayments comprise prepaid costs concerning IT licences, subscriptions, etc. regarding subsequent financial years.

Parent company**13. Share capital**

The share capital comprises four shares of DKK 5,700 thousand, DKK 300 thousand, DKK 1,600 thousand and DKK 400 thousand.

The shares are not divided into different classes of shares.

Share capital at 01.01.2011	8,000
Share capital at 31.12.2015	8,000

Consolidated**14. Non-controlling interests**

	2015 DKK'000	2014 DKK'000
Non-controlling interests at 1 January	2,055	0
Acquisition of non-controlling interest	0	1,508
Share of profit/loss for the year	615	547
Share of dividend paid in the year	-600	0
Non-controlling interests at 31 December	2,070	2,055

Consolidated**Parent company****15. Deferred tax**

Deferred tax is incumbent on the following items:

	2015 DKK'000	2014 DKK'000	2015 DKK'000	2014 DKK'000
Intangible assets	1,796	1,735	1,796	1,735
Property, plant and equipment	6,044	4,510	4,853	3,329
Inventories	1,415	1,541	1,229	1,322
Non-current liabilities other than provisions	-44	-46	-34	-35
Other payables	-132	-132	-132	-132
Other payables	150	0	150	0
	9,229	7,608	7,862	6,219

Parent company

	2015 DKK'000	2014 DKK'000
Deferred tax at 01.01.2015	6,219	4,281
Adjustment of deferred tax	1,643	1,938
Deferred tax at 31.12.2015	7,862	6,219

Notes

	Consolidated			
	Maturity within 1 year DKK'000	Maturity after 1 year DKK'000	Total amortised liabilities DKK'000	Total nominal liabilities DKK'000
16. Non-current liabilities				
Mortgage debt	3,837	47,711	51,548	51,654
Lease obligations	3,026	8,649	11,675	11,675
Non-current liabilities at 31.12.2015	6,863	56,360	63,223	63,329
 Non-current liabilities at 31.12.2014	 6,513	 59,045	 65,558	 65,672
 Falling due after more than five years: Mortgage debt		 32,332		
	Parent company			
	Maturity within 1 year DKK'000	Maturity after 1 year DKK'000	Total amortised liabilities DKK'000	Total nominal liabilities DKK'000
Mortgage debt	3,054	40,030	43,084	43,191
Lease obligations	3,026	8,649	11,675	11,675
Non-current liabilities at 31.12.2015	6,080	48,679	54,759	54,866
 Non-current liabilities at 31.12.2014	 5,346	 50,564	 55,910	 56,024
 Falling due after more than five years: Mortgage debt		 27,796		

Notes

	Consolidated		Parent	
	2015 t.kr.	2014 t.kr.	2015 t.kr.	2014 t.kr.
17. Charges				
Mortgage debt is secured upon properties. The mortgage moreover comprises related plant and machinery.				
Carrying amount of properties and operating equipment provided as collateral	64,466	64,767	54,174	53,588
As collateral for commitments with banks in subsidiary, a mortgage deed secured upon the subsidiaries' properties has been deposited.				
The mortgage moreover comprises related plant and machinery.				
Carrying amount of properties and operating equipment provided as collateral in subsidiary	10,292	11,179		
As collateral for commitments with banks in subsidiaries, a mortgage deed secured upon the assets of the individual subsidiaries has been deposited.				
18. Contractual obligations and contingencies, etc.				
Contingent liabilities				
Yearly operating leases regarding other operating equipment in Vikan A/S and subsidiaries	1,844	1,909	806	749
Total remaining payments on leases entered into	1,844	3,121	806	1,138
Yearly rent in Vikan A/S and subsidiaries	1,587	1,501	466	466
The parent company has provided a guarantee for the subsidiaries' liabilities to credit institutions, mortgage debt and bank loans in Vikan GmbH, Nito A/S and Vikan AB.				
Liabilities to credit institutions, mortgage debt and bank loans i subsidiaries			8,463	9,256

The Company is jointly taxed with other companies in the Vikan Group. Jointly taxed companies which are not wholly-owned have limited and secondary liability for Danish withholding taxes on dividends, interest and royalties within the joint taxation unit.

The Vikan Group is a party to a few pending lawsuits. In Management's opinion, the outcome of these proceedings will not further affect the Group's financial position beyond the receivables and liabilities which are recognised in balance sheet at 31 December 2015.

Notes

19. Currency and interest rate risks and the use of derivative financial instruments

The Vikan Group has taken out interest swaps to hedge a fixed interest rate. Unrealised gain on interest swaps totalled a negative DKK 703 thousand in 2015 (2014: loss of DKK 1,520 thousand) and is recognised directly in equity adjusted for deferred tax.

20. Related party disclosures

Related parties exercising control of Vikan A/S:

Vissing Holding A/S, Rævevej 1, 7800 Skive (parent company)

Vissing Fonden, c/o Lawyer Torben Voss, Mølleå 1, 9000 Aalborg

21. Shareholders

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Vissing Holding A/S, Rævevej 1, 7800 Skive

Brush Holding ApS, Sølystvej 59, 8600 Silkeborg

22. Group structure

Vikan A/S and related subsidiaries are included in the consolidated financial statements of Vissing Holding A/S.

23. Changes in operating capital

Change in inventories

Change in receivables

Change in trade payables, etc.

Consolidated

2015 DKK'000	2014 DKK'000
4,401	-5,070
-5,982	-2,501
-384	-3,281
-1,965	-10,852

24. Cash at hand and in bank

Cash at hand and in bank

Bank loans and overdrafts

Consolidated

2015 DKK'000	2014 DKK'000
10,827	5,344
0	-5,826
10,827	-482

Accounting policies

The annual report has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared as the Company's cash flows are recognised in the consolidated financial statements.

Consolidated financial statements

The consolidated financial statements comprise Vikan A/S (parent company) and the enterprises (group enterprises) over which the parent company exercises control, see the group chart on page 5. Control is obtained in companies in which the parent company directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls. Entities over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%.

Consolidation principles

The consolidated financial statements are based on the financial statements of Vikan A/S and its subsidiaries. The consolidated financial statements are prepared by adding together financial statement items of similar nature. On consolidation, intra-group income and expenses, intra-group balances and dividends, and gains and losses on intra-group transactions are eliminated. The financial statements applied for consolidation purposes are prepared in accordance with the Group's accounting policies.

In the consolidated financial statements, the items of subsidiaries are recognised in full. The proportionate share of the non-controlling interests' results and net assets are recognised as separate items in the income statement and the balance sheet, respectively.

Investments in group enterprises are recognised after tax in one separate line item in the income statement.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets at the acquisition date.

Accounting policies

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the assets and liabilities acquired (goodwill), is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Receivables and payables and other monetary items denominated in foreign currencies which are not settled at the balance sheet date are translated at the exchange rate at the balance sheet date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment and the rate at the balance sheet date, respectively, are recognised in the income statement as financial income or financial expenses. Non-current assets purchased in foreign currencies are translated using historical rates.

On recognition of foreign subsidiaries and associates that are separate entities, the income statement is translated at the average exchange rate for the months which does not deviate significantly from the rate at the transaction date. Balance sheet items are translated to the exchange rates at the balance sheet date. Goodwill is deemed to relate to the independent foreign entity and translated at the balance sheet date. Currency translation differences arisen when translating foreign subsidiaries' equity at the beginning of the year using the closing rate and when translating income statements from average exchange rates using the closing rate are recognised directly in equity.

Exchange rate adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are recognised directly in equity.

Accounting policies

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently at fair value. Derivative financial instruments are recognised as other receivables or other liabilities, respectively.

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

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future transactions are recognised directly in equity. When the hedged transactions materialise, changes are recognised in the related items.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or associates are recognised directly in equity.

Income statement

Revenue

Income from the sale of goods, comprising the sale of hygiene cleaning tools, is recognised as revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties.

To the extent that customers are offered a right of return in connection with the sale, revenue corresponding to the Company's experience with returns is recognised.

Production costs

Project costs comprise direct and indirect costs incurred in generating revenue for the year. Trading entities recognise their cost of sales, and production entities recognise cost of raw material, consumables and production staff as well as depreciation of production assets.

Accounting policies

Production costs (continued)

Production costs comprise costs regarding development projects that do not qualify for recognition in the balance sheet as well as depreciation of development projects recognised.

Distribution costs

Costs incurred in distributing goods sold and in conducting sales campaigns are recognised as distribution costs. Also, costs relating to sales and distribution staff, advertising as well as depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred for management and administration of the Group, including expenses for the administrative staff and the management, office supplies as well as depreciation and amortisation.

Other operating income and costs

Other operating income and costs comprise items secondary to the primary activities of the Group.

Financial income and financial expenses

Financial income and expenses comprise interest income and expense, interest element of financial lease payments, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial liabilities, cash discounts, etc. as well as surcharges and refunds under the on-account tax scheme.

Corporation tax and deferred tax

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

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

Deferred tax is recognised and measured applying the liability method on all temporary differences between the carrying amount and tax value of assets and liabilities. The tax value of assets is calculated based on the planned use of the asset.

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

Accounting policies

Corporation tax and deferred tax (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Vikan A/S is jointly taxed with the parent company, Vissing Holding A/S, and the subsidiary Nito A/S. The current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their taxable income (full absorption with refunds for tax losses).

Balance sheet

Intangible assets

Goodwill and consolidated goodwill

Goodwill is amortised on a straight-line basis over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is usually amortised over five years, but may be amortised over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles, provided that the long amortisation period is assessed to better reflect the Group's utilisation of the resources in question.

The carrying amount of goodwill is assessed on an ongoing basis and is written down to the recoverable amount if the carrying amount exceeds the expected future net income from the enterprise or activity to which goodwill is allocated.

Development projects

Development costs comprise salaries, amortisation and other costs directly or indirectly attributable to the Company's development activities.

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

Development costs that are recognised in the balance sheet are initially measured at cost and subsequently at cost less accumulated amortisation and impairment losses.

Accounting policies

Development projects (continued)

Following the completion of the development work, development costs are amortised on a straight line basis over the estimated useful life. The amortisation period is usually five years and does not exceed 20 years.

Gains and losses on the disposal of development projects are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Land and buildings are measured at cost plus revaluation and as to buildings less accumulated depreciation and impairment losses. Revaluation is made based on regular, independent valuations of fair value.

Plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the date when it is ready to be put into operation. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, and wages and salaries. The cost of assets held under finance leases is recognised at the lower of fair value of the assets and the present value of the future lease payments.

The basis of depreciation is cost less expected residual value at the end of the useful life. Depreciation is provided according to the straight-line method, based on the following expected useful lives:

Buildings	10-50 years
Plant and machinery	5-8 years
Fixtures and fittings, other plant and equipment	3-6 years

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Profits and losses are recognised in the income statement together with depreciation and impairment losses or under other operating income if the selling price exceeds original cost.

Accounting policies

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured according to the equity method. This means that investments in the balance sheet are measured at the proportionate share of the enterprises' net asset value minus or plus non-amortised positive or negative group goodwill, respectively and minus or plus unrealised intra-group profits and losses.

In the income statement of the parent company, the share of the enterprises' profit/loss after elimination of unrealised intra-group profits and losses and minus or plus amortisation of group goodwill or negative group goodwill, respectively.

Subsidiaries and associates with negative net asset value are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the enterprise's deficit.

Net revaluation of investments in subsidiaries and associates is transferred to the reserve for net revaluation to the extent that the carrying amount exceeds cost.

On acquisition of subsidiaries, the purchase method is applied, see Consolidated financial statements above.

Inventories

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realisable value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads.

Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation and impairment losses regarding production machinery, buildings and equipment as well as factory administration and management. Financing costs are not included in the cost.

The net realisable value of inventories is determined taking into consideration estimated sales price less costs of completion and costs necessary to make the sale.

Accounting policies

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less provisions for bad debts.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years. Prepayments are measured at cost.

Dividends

Dividends are recognised as a liability at the date when they are adopted at the annual general meeting. The proposed dividend payment for the financial year is disclosed as a separate item under equity.

Cost of acquisition of, consideration received for and dividends received from treasury shares are recognised as retained earnings in equity.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, loss on work in progress, decided and published restructurings etc.

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

On acquisition of enterprises, provisions for restructurings of the acquired enterprise are made provided that they have been adopted and announced not later than at the date of the acquisition.

Mortgage debt

Mortgage debt is measured at cost at the date of borrowing corresponding to the proceeds received less transaction costs paid. Subsequently, mortgage debt is measured at amortised cost corresponding to the capitalised value in accordance with the effective interest rate method.

Accounting policies

Lease obligations

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingencies, etc.

Other financial liabilities

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

Prepayments

Deferred income comprises payments received concerning income in subsequent years. Prepayments are measured at amortised cost, which usually corresponds to the nominal value.

Accounting policies

Cash flow statement

The consolidated cash flow statement is presented in accordance with the indirect method and shows cash flows from operating, investing and financing activities and the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

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

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and investments as well as the acquisition, development, improvement and disposal, etc. of intangible assets, property, plant and equipment, including assets held under finance lease.

Cash flows from financing activities comprise changes in the size or composition of the parent company's share capital and related costs as well as the raising of loans, the closing of finance leases, repayment of interest-bearing debt and payment of dividends.

Cash and cash equivalents comprise cash and short-term securities with insignificant price risks less short-term bank loans.

Accounting policies

Financial highlights

The financial ratios are calculated as follows:

Gross margin	=	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Operating margin	=	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on capital employed	=	$\frac{\text{Operating profit/loss} \times 100}{\text{Average number of operating assets}}$
Debt leverage	=	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA}}$
Return on equity	=	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Solvency ratio		$\frac{\text{Equity} \times 100}{\text{Total assets}}$

Operating assets are calculated as the balance sheet total less liquid funds, interest-bearing assets (including shares) and investments in associates.