

Dinex A/S
Central Business Registration No
10504473
Fynsvej 39
5500 Middelfart

Annual report 2015

The Annual General Meeting adopted the annual report on 28.04.2016

Chairman of the General Meeting



Name: Niels Hermansen

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Entity details

Entity

Dinex A/S
Fynsvej 39
5500 Middelfart

Central Business Registration No: 10504473

Registered in: Middelfart

Financial year: 01.01.2015 - 31.12.2015

Phone: 63412500

Fax: 63412525

Internet: www.dinex.dk

E-mail: dinex@dinex.dk

Board of Directors

Niels Hermansen, Chairman

Kenneth Aaby Sachse, Vice-Chairman

Carsten Riisberg Lund

Peter Kragh Knudsen

Executive Board

Torben Dinesen, CEO

Niels Peter Christiansen, CFO

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

Today the Board of Directors and the Executive Board has considered and approved the annual report of Dinex A/S for the financial year 1 January to 31 December 2015.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2015 and of their financial performance as well as the consolidated cash flow for the financial year 1 January to 31 December 2015.

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

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

Middelfart, 28 April 2016

Executive Board




Torben Dinesen
Chief Executive Officer




Niels Peter Christiansen
Chief Finance Officer

Board of Directors




Niels Hermansen
Chairman



Kenneth Aaby Sachse
Vice-Chairman



Carsten Riisberg Lund



Peter Kragh Knudsen

Independent auditor's reports

To the owners of Dinex A/S

Report on the financial statements

We have audited the consolidated financial statements and parent financial statements of Dinex A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

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

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

Auditor's responsibility

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

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

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

Our audit has not resulted in any qualification.

Independent auditor's report

Opinion

In our opinion, the consolidated financial statements and parent financial statements gives a true and fair view of the Group's and the Parent's financial position at 31 December 2015, and of the results of their operations and Group's cash flows for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

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

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

Aarhus, 28 April 2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Cvr.nr. 33963556



Anders Vad Dons
State Authorized
Public Accountant



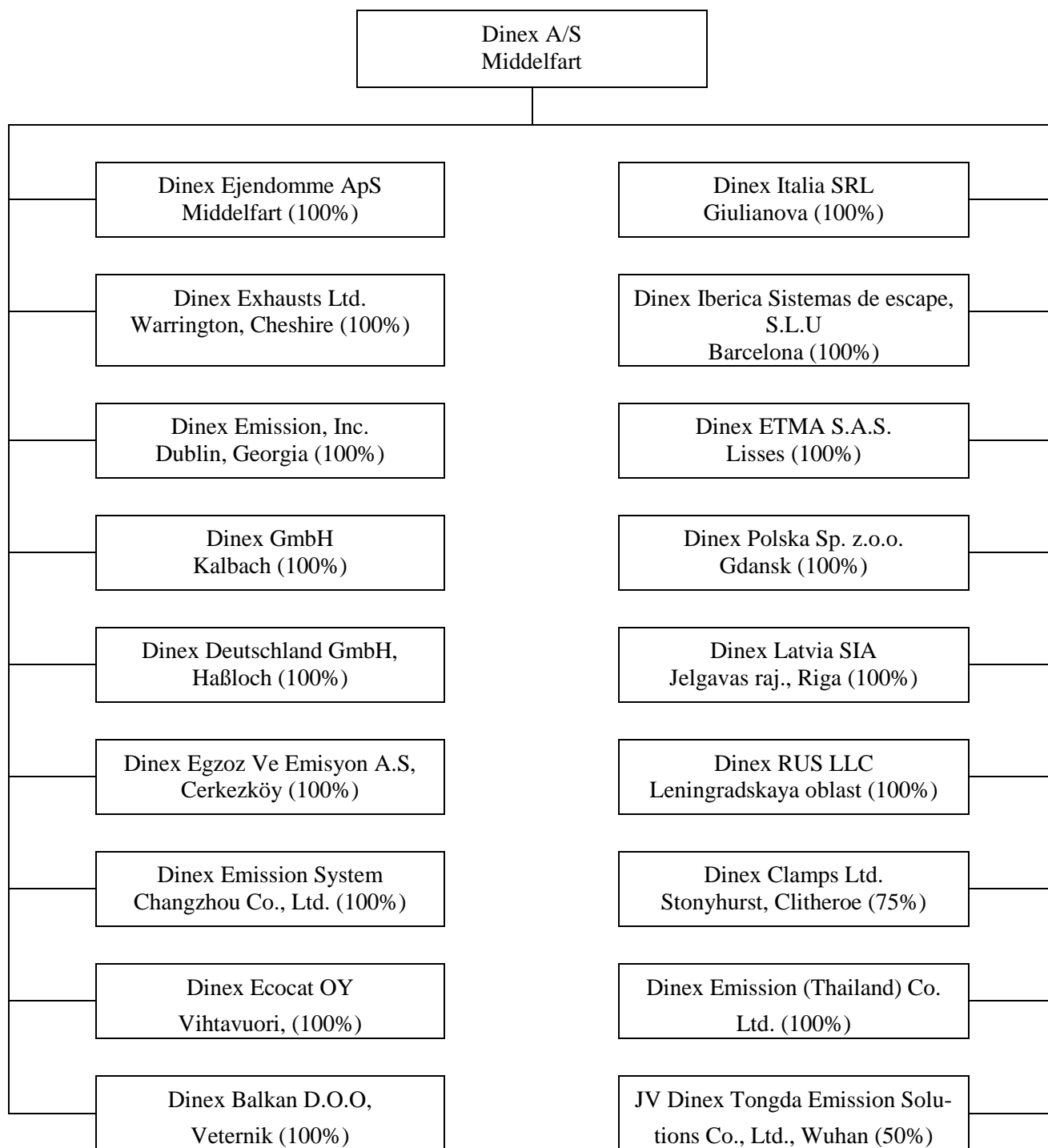
Thomas Rosquist Andersen
State Authorized
Public Accountant

Management commentary

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial high-lights					
Key figures					
Revenue	810.987	944.778	738.173	545.987	559.579
Gross profit/loss	190.581	220.230	215.124	162.493	177.416
EBITDA	39.984	69.754	126.678	90.631	119.720
Operating profit/loss	20.010	7.147	79.590	45.561	81.479
Net financials	(19.859)	(40.619)	(26.960)	(19.746)	(15.802)
Profit/loss for the year	9.520	(18.941)	44.095	20.085	50.314
Total assets	906.323	956.951	900.497	727.283	686.609
Investments in property, plant and equipment	0	0	83.899	0	0
Equity	119.275	141.326	185.395	185.946	189.523
Invested capital including goodwill	688.491	717.715	688.237	590.533	543.921
Interest bearing debt, net	560.969	587.755	512.495	394.502	342.330
Ratios					
Gross margin (%)	23,5	23,3	29,1	29,8	31,7
Turnover invested capital	1,2	1,3	1,1	0,9	1,0
Financial gearing (%)	4,7	4,2	2,8	2,1	1,8
Return on equity (%)	7,3	(11,6)	23,7	10,7	29,5
Equity ratio (%)	13,2	14,8	20,6	25,6	27,6
Return on invested capital including goodwill (%)	5,6	9,6	19,5	15,8	24,4
EBITDA-margin %	4,9	7,4	17,2	16,6	21,4
Operating gearing	14,0	8,4	3,9	4,4	2,9

Management commentary

Group chart



Management commentary

Primary activities

As in previous years, the primary activity of the Dinex A/S Group has been development, production and sales of exhaust and emission systems for trucks, buses, vans and industrial machines.

Development in activities and finances

Customers in the Dinex A/S Group are separated in two main segments - AEM customers (spare parts wholesalers) and OEM customers (manufacturers of diesel-powered vehicles - On Road and Off Road), including OEM LE (Large engines) a sub segment with the purpose to sell technology systems for power plants, ships and trains.

The operating profit (EBIT) of the Group was DKK 20.190 thousand against DKK 7.147 thousand in 2014. The year-end total net result after tax of the Group was DKK 9.520 thousand against DKK -18.941 thousand in 2014.

The 2015 result is influenced by a number of special items with a total positive neteffect of DKK 41.109 thousand before tax. The most significant special item is the divestiture of buildings in Denmark and United Kingdom with a positive impact of 35.793 thousand recognized under other operating in-come. Additionally the results were adversely impacted by closure of the Danish production, affecting both productivity and costs with a total estimated effect of DKK 10.400 thousand. Finally the share-holders of Dinex have waived dividends for a total of DKK 15.716 thousand, which has been recognized under financial income.

EBITDA is below the 2014 level due to delay in turnover of planned ramp-up of new applications for major OEMs which start in 2016. The Russian market was challenging throughout 2015 but with a positive trend in the second half of the year. Operational performance in the OEM segment is improving; however full impact of 2014 and 2015 initiatives will not be seen before 2016.

The investment activities remained on a high level. There was a high investment level in Finland to support ongoing development of new Eminizer™ technology, and in Turkey and China in preparation for product launches.

The shareholders of Dinex have further strengthen the capital base through the establishment of a subordinated loan of 15.000 thousand.

Unusual circumstances affecting recognition and measurement

No unusual conditions have been noted in the actual financial year, which might have influenced this annual report positively or negatively.

Management commentary

Outlook

2016 revenue is expected to return to 2014 levels, driven by growth in China, US, Iran and Turkey. The EBITDA margin, excluding special items, is expected to improve to a satisfactory level in the range of 13-15%, as a result of increased revenue, continued focus on efficiency, and a cautious cost approach.

The level of investments in 2016 is planned to be on a significantly lower level than 2015; with focus on finalization of new production lines in China and Turkey. Production of Euro 6 systems commenced in Turkey in Q1 2016.

The Chinese joint venture achieved a Nation 4 nomination in 2015 from one of China's large manufacturers of trucks. 2016 will be the year in which we start production of technology systems. The joint venture is already now also pursuing National 5 opportunities.

Dinex continued the development of the Eminizer™ concept in 2015. Eminizer™ is a complete emission exhaust system that meets the emission requirements that are expected to be introduced in 2020. The new system is around 50% smaller and lighter than previous systems. Dinex is in development negotiations with several major truck manufacturers globally.

Due to the implemented actions and with financial prudence, the management estimates that the Group will achieve a satisfactory positive result in 2016.

Particular risks

Business risks

Dinex primarily produces goods that are sold in a regulated emission market where governments and agencies control the emission standards. Sudden unexpected changes in emission standards can affect sales volume negatively for Dinex; sudden stricter emission standards require a development process before new emission products can be sold, and a sudden roll-back in emission standards requires change in production plans, product portfolio and similar. The unexpected changes in emission standards in Russia in 2014 is an example of this business risk.

Financial exposure

Dinex is investing in a Joint Venture with a Chinese manufacturer. The return on the investment is highly dependent of the development in the Chinese market for emission products, and the regulation. If it does not live up to the expectations it can have a negative effect on the return of the investment.

Credit risk

The credit risks of the Group are primarily related to trade receivables, which at the end of 2015 were DKK 170.041 thousand against DKK 169.115 thousand in 2014. Approximately 34 million of the receivables by the end of 2015 were overdue receivables from Iranian customers. Dinex has seen significant improvements in payment behavior from Iranian customers after the sanctions were lifted in Q1 2016.

Management commentary

Currency and interests risks

The consolidated financial statements are furthermore influenced by changes in exchange rates, as the result and equity of the subsidiaries are converted into Danish kroner at year-end based on average and year-end rates.

The currency risk of the Group is mainly managed through matching of incoming and outgoing payment currencies; active hedging using e.g. instruments is only used to a limited extent. In connection with considerations about the future financing structure of the Dinex Group, Management has examined various possibilities of covering the risks connected with loan financing, cash flow in foreign currency and the related interest costs. In 2015, a total net exchange loss of DKK 5.393 thousand is realized, against a net loss of DKK 13.725 thousand in 2014. The exchange losses are driven by losses in Dinex Russia as a consequence of the decline in the RUB.

Intellectual capital resources

The employees in the Dinex Group cover a wide field. At year-end, the Group had 1.217 employees, including 80 in Denmark.

Research and development activities

The company's total costs for R&D make up approx. 4% of the revenue.

Corporate social responsibility

Corporate social responsibility policies

The main contribution to society by the Dinex Group is the Group's development, production and sale of particulate filters reducing harmful particles and noise from diesel engines. Today, particles are considered a key health issue in many cities around the world. Dinex has developed a technology that can eliminate 99.9% of particles emanating from diesel engines. The Group wants to contribute to a sustainable development by preventing pollution and reducing energy consumption.

The Group's CSR efforts are outlined below, including the policies and guidelines on which the Group bases its work. The Company's CSR activities are attended to all global sites within the Dinex Group.

Ethics - Code of Conduct

Our Code of Conduct reflects the Group's general CSR approach. The Code of Conduct lays down formal guidelines on compliance with effective legislation and fundamental human rights, including combating discrimination and child labor, guidelines for maintaining a safe environment and working environment for all the Group's

employees. The Code of Conduct applies to the entire Dinex Group and must be signed by all key suppliers. Dinex has a global Occupational Health and Safety Policy which all Dinex employees have to comply with in their daily work. The management policy establishes guidelines on equal treatment, motivation and communication with staff.

Management commentary

Our CSR focus in 2015 - activities and results

Dinex' CSR efforts fall within three general areas that relate to the company's day-to-day operations and production: Environment, supplier management and employee relations.

Environment

As part of the environmental focus, Dinex Group works out from an environmental policy and has been environmentally certified under ISO 14001. Through its environmental policy, the Group has committed itself to comply with regulatory requirements, communicating honestly with stakeholders on environmental issues, regularly improving the environmental conditions of the Company and reducing environmental burdens from production, including reducing electricity consumption and scrap quantities, preventing pollution and applying environmentally friendly materials and technologies.

Supplier management

Dinex wants to promote a focus on responsibility among the Group's suppliers and business partners. When selecting new suppliers, weight is thus attached to responsibility being considered actively in the relevant supplier's day-to-day operations and management.

In order to support this objective, the guidelines are specified in the Group's Code of Conduct as criteria when evaluating potential suppliers. New suppliers receive our Code of Conduct, and are also encouraged to obtain an environmental certification.

The Group's existing and most significant suppliers are also audited annually, based on similar criteria and the guidelines of the Code of Conduct.

Employee relations

Ensuring a healthy and safe environment for the staff of Dinex involves guaranteeing physical safety and psychological wellbeing. Dinex Group safety committee and regular workplace evaluations focus on following up on accidents and other issues requiring a special effort, in order to reduce the risk of accidents and occupational disease. Dinex Group has in 2015 further enhanced the focus on safety to achieve zero accidents as the Group Management Team started weekly follow ups on all potential incidences. This attention has resulted in several optimizations in the production to prevent accidents. As a result, additional safety installments have been performed on critical machines e.g. all eccentric presses have been through a security check. Further, we have performed safety training in all production companies as well as all production companies have been equipped with new and improved personal protection equipment like e.g. safety cutting gloves.

In order to ensure a high safety level across the organization, Dinex Group follow up on the implemented global formal procedure for purchasing production equipment and tools, where the object is to ensure that all equipment at all Dinex sites must be CE certified before operating. A CE certification means, that under its own responsibility, the manufacturer has declared, that the product is consistent with all statutory requirements

Management commentary

of the CE

marking and that the product in question may be sold throughout the European Economic Area. Dinex also implemented an extended version of our “Occupational Health and Safety policy” throughout the whole Dinex Group.

As part of the Dinex Group’s general Best Practice System, this procedure is important, as its objective is to continually support a high safety level in the Group. It becomes particularly significant in cases where production equipment is purchased from overseas areas, where safety requirements may differ from the European requirements.

In 2015, Dinex also implemented improved safety regulations for visitors on all our production sites to ensure a safe environment for our visitors and prevent visitors from bringing themselves or our employees in danger.

As part of a growing focus on the HR area, from 2013, Dinex implemented a 360-degree management survey including all middle managers within the Group. This survey is a method to identify development areas and skills held by middle managers, but also a tool to support employee involvement and ownership among the other employees. In 2016, Dinex will implement a new people review system for all companies within the Group which will facilitate involvement bottom-up and ensure that employees at all levels in the organization develop their competences.

Dinex focuses on creating a diverse workplace with room for differences. This is reflected in the circumstance that the Company regularly enters into partnerships with, for instance, trainees in various kinds of job programs. Dinex has a co-operation agreement with different Universities around the world and co-operates with thesis students for the benefit of both the student and the Company. Dinex is also on a continuous basis investing in education and courses to develop employee’s competences to meet both personal and future business needs. As an example, Dinex has invested in an Master program for some of our Engineers.

Diversity - reporting on the underrepresented gender

All Dinex staff was recruited based on professional skills without regard to religion, race, gender, handicap or age. As a Group, we look upon diversity as a strength, and we actively combat discrimination and aspire to promote equal treatment. This applies to the management level as well as all other levels in the organization.

Dinex’ Board of Directors have four members. Dinex wants the Board of Directors to reflect the diversity existing in all other parts of the Company. The Company has committed itself to find candidates with the necessary qualifications, skills, and expertise necessary for our Board of Directors, without regard to gender, sexuality or ethnicity. The Board of Directors has set a 20% target figure at the minimum for the underrepresented gender in 2017.

Dinex’ increased focus on the underrepresented gender has lead to an increase of women in both production

Management commentary

and sales companies. In 2015, Dinex' production companies employed a total of 19% women compared to 14% in

2014 and 81% compared to 86% men in 2014. For the Group's sales companies, the figures are 35% women in 2015 compared to 32% in 2014 and 65% men in 2015 compared to 68% in 2014. In the future, we want to ensure

a greater balance in the local management teams. As an example of Dinex' effort, we have hired the first female General Manager for our production site in Finland.

Events after the balance sheet date

Dinex A/S announced in January of 2016 that it intends to transfer the production activities in Dinex Deutschland GmbH to some of the other global production plants. As a consequence of this strategic decision Dinex will transfer production jobs and equipment from Hassloch to existing production facilities mainly in Latvia. This transfer will make it possible to consolidate production at fewer sites, creating critical mass and making certain that Dinex can deliver competitive high quality products. The decision does not influence the evaluation of this annual report.

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

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates, see group chart on page 6.

Basis of consolidation

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

Accounting policies

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

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

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

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

Profits or losses from divestment of equity investments

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

Foreign currency translation

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

Accounting policies

When recognizing foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered as belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognized directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognizing foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognized under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognized asset or a recognized liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognized directly in equity. When the hedged transactions are realized, the accumulated changes are recognized as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognized currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

Accounting policies

Income statement

Revenue

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

Production costs

Cost of sales comprises direct and indirect costs incurred to earn revenue. In cost of sales, commercial businesses recognise consumption of goods whereas manufacturing businesses recognize costs of raw materials, consumables and production staff as well as depreciation.

Cost of sales also includes research costs, costs of development projects that do not meet the criteria for recognition in the balance sheet, and amortization of recognized development projects. In addition, provisions for loss on contract work in progress are recognized

Distribution costs

Distribution costs comprise costs incurred for distribution of goods sold and also for sales campaigns, including costs for sales and distribution staff, advertising costs as well as depreciation and amortisation.

Administrative expenses

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including subsidies, rental income, licence income etc.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including subsidies, rental income, licence income etc.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions

Accounting policies

in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

The Company is jointly taxed with its Parent. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is amortized straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The period of amortization is usually five years, however, it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer period of amortization is considered to give a better reflection of the benefit from the relevant resources.

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

Intellectual property rights etc

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Accounting policies

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is usually five years, but in certain cases it may be up to 20 years if the longer amortisation period is considered to better reflect the Group's benefit from the developed product etc. For development projects protected by intellectual property rights, the maximum amortization period is the remaining duration of the relevant rights, however, no more than 20 years.

Acquired intellectual property rights in the form of patents, know-how and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Other intangible assets are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of other intangible assets are calculated as the difference between selling price minus selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to amortisation and impairment losses, or under other operating income if the selling price exceeds original cost.

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. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For Group-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for financing the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other financing costs are recognized in the income statement.

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

Buildings	40 years
Plant and machinery	3-15 years
Other fixtures and fittings, tools and equipment	3-15 years
Leasehold improvements	5-10 years

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

Accounting policies

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

Investments in group enterprises

Investments in subsidiaries and associates are recognized and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or less unamortized positive, or negative, goodwill and plus or less unrealized intra-group profits or losses.

The Parent's share of the enterprises' profits or losses after elimination of unrealized intra-group profits and losses and less or plus amortization of positive, or negative, goodwill is recognized in the income statement.

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

Upon distribution of profit or loss, net revaluation of investments in subsidiaries and associates is transferred to reserve for net revaluation according to the equity method under equity.

The purchase method is applied in the acquisition of investments in subsidiaries and associates; see above description under consolidated financial statements.

Investments in associates

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

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

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

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

Accounting policies

Other investments

Securities and other investments are measured at the acquisition price.

Deferred tax

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

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognized in the income statement.

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.

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

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

Balances held under corporate tax law interest deduction limitation rules are distributed among the jointly taxed corporations respecting the concluded joint taxation agreement. Deferred tax liabilities relating to these balances are recognized in the balance sheet, while deferred tax assets are recognized only if the criteria for recognition of deferred tax assets are met.

Inventories

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

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

Indirect production costs comprise indirect materials and labor costs, costs of maintenance of and depreciation and impairment losses on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

Accounting policies

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

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividends are recognised as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item in equity.

Minority interests

Minority interests consist of non-controlling interests share of equity in subsidiaries not 100% owned by the parent company.

Other provisions

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

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

If goods are sold on approval, a provision is made for the mark-up on the goods estimated to be returned as well as any expenses related to the returns.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

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

Accounting policies

On acquisition of enterprises and shares in subsidiaries, provisions are made for costs relating to restructurings in the acquired enterprise that were decided and published at the takeover date at the latest.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease commitments

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

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

Other financial liabilities

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

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Prepayments received from customers

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

Income tax receivable or payable

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

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and

Accounting policies

the end of the financial year. No separate cash flow statement has been prepared for the Parent because it is included in the consolidated cash flow statement.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows to acquired enterprises are recognized in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognized up to the time of sale.

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

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

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

Cash and cash equivalents comprise cash less short-term bank debt

Accounting policies

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Revenue/Invested capital incl goodwill	$\frac{\text{Revenue}}{\text{Average invested capital incl goodwill}}$	Turnover rate of capital employed by the Entity.
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$	The Entity's financial gearing..
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Soliditetsgrad (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.
Return on invested capital including goodwill (%)	$\frac{\text{EBITA} \times 100}{\text{Average invested capital Incl goodwill}}$	The return generated by the Entity on the investors' funds.
EBITDA-margin %	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$	The Entity's operating profitability
Operating gearing	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA}}$	Reflects the Entity's operating ability to repay interest-bearing debt

EBIT (Earnings Before Interest and Tax) is defined as operating profit.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) is defined as operating profit plus the year's depreciation and amortization of and impairment losses on intangible assets including goodwill.

Accounting policies

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortization of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses on goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income tax receivable and payable as well as cash are not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

Consolidated income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Revenue	1	810.987	944.778
Production costs	3, 4	<u>(620.406)</u>	<u>(724.548)</u>
Gross profit/loss		190.581	220.230
Distribution costs		(104.578)	(116.879)
Administrative costs	2	(102.746)	(96.697)
Other operating income		39.847	3.178
Other operating expenses		<u>(3.094)</u>	<u>(2.685)</u>
Operating profit/loss		20.010	7.147
Income from investments in associates		(1.687)	(819)
Other financial income	5	22.327	16.384
Other financial expenses	6	<u>(40.499)</u>	<u>(56.184)</u>
Profit/loss from ordinary activities before tax		151	(33.472)
Tax on profit/loss from ordinary activities	7	<u>9.661</u>	<u>14.771</u>
Consolidated profit/loss		9.812	(18.701)
Minority interests' share of profit/loss		<u>(292)</u>	<u>(240)</u>
Profit/loss for the year		9.520	(18.941)
Proposed distribution of profit/loss			
Dividend for the financial year		29.500	30.500
Retained earnings		<u>(19.980)</u>	<u>(49.441)</u>
		9.520	(18.941)

Consolidated balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Completed development projects		35.326	27.466
Acquired licences		5.679	7.962
Goodwill		450	600
Intangible assets	8	<u>41.455</u>	<u>36.028</u>
Land and buildings		141.800	207.962
Plant and machinery		165.463	199.776
Other fixtures and fittings, tools and equipment		29.610	40.123
Leasehold improvements		3.326	3.153
Property, plant and equipment in progress		77.531	12.447
Property, plant and equipment	9	<u>417.730</u>	<u>463.461</u>
Investments in associates		5.160	2.566
Other investments		17	17
Deferred tax	13	43.011	30.969
Fixed asset investments	10	<u>48.188</u>	<u>33.552</u>
Fixed assets		<u>507.373</u>	<u>533.041</u>
Raw materials and consumables		64.036	87.616
Work in progress		14.569	17.125
Manufactured goods and goods for resale		74.968	91.406
Inventories		<u>153.573</u>	<u>196.147</u>

Consolidated balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Trade receivables		155.592	169.115
Other short-term receivables		64.688	36.607
Income tax receivable		5.271	4.447
Prepayments		<u>5.975</u>	<u>3.920</u>
Receivables		<u>231.526</u>	<u>214.089</u>
 Cash		 <u>13.851</u>	 <u>13.674</u>
 Current assets		 <u>398.950</u>	 <u>423.910</u>
 Assets		 <u><u>906.323</u></u>	 <u><u>956.951</u></u>

Consolidated balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital		2.250	2.250
Retained earnings		87.525	108.576
Proposed dividend		29.500	30.500
Equity		<u>119.275</u>	<u>141.326</u>
Minority interests	14	<u>2.089</u>	<u>1.695</u>
Provisions for deferred tax	13	5.112	12.549
Other provisions		3.096	6.244
Provisions		<u>8.208</u>	<u>18.793</u>
Subordinate loan capital	15	15.000	0
Mortgage debts		4.921	48.430
Bank loans		116.777	171.464
Finance lease liabilities		15.766	28.856
Other payables		0	900
Non-current liabilities other than provisions	16	<u>152.464</u>	<u>249.650</u>
Current portion of long-term liabilities other than provisions	16	87.675	66.396
Bank loans		349.681	284.483
Prepayments received from customers		8.497	0
Trade payables		83.934	107.563
Income tax payable		15.087	7.324
Other payables		79.413	79.721
Current liabilities other than provisions		<u>624.287</u>	<u>545.487</u>
Liabilities other than provisions		<u>776.751</u>	<u>795.137</u>
Equity and liabilities		<u>906.323</u>	<u>956.951</u>
Subsidiaries	11		
Arrangements not recognised in balance sheet	18		
Unrecognised rental and lease commitments	19		
Mortgages and securities	20		
Consolidation	21		

Consolidated statement of changes in equity for 2015

	Contri- buted ca- pital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	2.250	108.576	30.500	141.326
Ordinary dividend paid	0	0	(30.500)	(30.500)
Exchange rate adjustments	0	(3.648)	0	(3.648)
Fair value adjustments of hedging instru- ments	0	152	0	152
Value adjustments	0	2.425	0	2.425
Profit/loss for the year	0	(19.980)	29.500	9.520
Equity end of year	2.250	87.525	29.500	119.275

Consolidated cash flow statement for 2015

	Notes	2015 DKK'000	2014 DKK'000
Operating profit/loss		20.190	7.147
Amortisation, depreciation and impairment losses		19.794	62.606
Working capital changes	17	9.313	31.666
Cash flow from ordinary operating activities		49.297	101.419
Financial income received		22.147	16.384
Financial income paid		(39.190)	(54.760)
Income taxes refunded/(paid)		(2.394)	(8.050)
Cash flows from operating activities		29.860	54.993
Acquisition etc of intangible assets		(12.198)	(12.862)
Acquisition etc of property, plant and equipment		(116.894)	(99.248)
Sale of property, plant and equipment		144.745	366
Acquisition of fixed asset investments		(4.128)	(3.233)
Cash flows from investing activities		11.525	(114.977)
Loans raised		0	31.050
Instalments on loans etc		(74.070)	(50.746)
Reduction of lease commitments		(16.836)	(7.495)
Dividend paid		(30.500)	(27.400)
Other cash flows from financing activities		15.000	0
Cash flows from financing activities		(106.406)	(54.591)
Increase/decrease in cash and cash equivalents		(65.021)	(114.575)
Cash and cash equivalents beginning of year		(270.809)	(156.234)
Cash and cash equivalents end of year		(335.830)	(270.809)
Cash and cash equivalents at year-end are composed of:			
Cash		13.851	13.674
Short-term debt to banks		(349.681)	(284.483)
Cash and cash equivalents end of year		(335.830)	(270.809)

Notes to consolidated financial statements

	2015 DKK'000	2014 DKK'000
1. Revenue		
Export	805.040	937.952
Denmark	5.947	6.826
	810.987	944.778

	2015 DKK'000	2014 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	361	314
Other assurance engagements	23	33
Tax services	1.084	262
Other services	4.578	584
	6.046	1.193

	2015 DKK'000	2014 DKK'000
3. Staff costs		
Wages and salaries	220.744	239.009
Pension costs	13.837	19.278
Other social security costs	34.955	32.007
	269.536	290.294

Average number of employees	1.275	1.215
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	Remune- ration of manage- ment 2015 DKK'000	Remune- ration of manage- ment 2014 DKK'000
Executive Board	5.925	13.412
Board of Directors	750	675
	6.675	14.087

Notes to consolidated financial statements

	2015 DKK'000	2014 DKK'000
Of this, total remuneration for:		
Executive Board	6.000	8.623
Terminated benefits	0	4.789
Executive board total	6.000	13.412

	2015 DKK'000	2014 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	6.704	5.627
Depreciation on property, plant and equipment	49.242	48.025
Profit/loss from sale of intangible assets and property, plant and equipment	(36.152)	8.954
	19.794	62.606

	2015 DKK'000	2014 DKK'000
5. Other financial income		
Interest income	15.790	58
Exchange rate adjustments	6.537	16.326
	22.327	16.384

	2015 DKK'000	2014 DKK'000
6. Other financial expenses		
Interest expenses	28.749	26.133
Exchange rate adjustments	11.750	30.051
	40.499	56.184

	2015 DKK'000	2014 DKK'000
7. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	12.277	7.792
Change in deferred tax for the year	(16.736)	(22.772)
Adjustment concerning previous years	(4.853)	209
Effect of changed tax rates	(349)	0
	(9.661)	(14.771)

Notes to consolidated financial statements

	Completed develop- ment pro- jects DKK'000	Acquired licences DKK'000	Goodwill DKK'000
8. Intangible assets			
Cost beginning of year	44.789	18.579	19.414
Exchange rate adjustments	44	889	0
Transfer to and from other items	8	0	0
Additions	11.545	653	0
Disposals	(170)	0	0
Cost end of year	56.216	20.121	19.414
Amortisation and impairment losses beginning of year	(17.323)	(10.617)	(18.814)
Exchange rate adjustments	(56)	(839)	0
Amortisation for the year	(3.568)	(2.986)	(150)
Reversal regarding disposals	57	0	0
Amortisation and impairment losses end of year	(20.890)	(14.442)	(18.964)
Carrying amount end of year	35.326	5.679	450

Notes to consolidated financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fix- tures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
9. Property, plant and equipment				
Cost beginning of year	264.489	385.811	95.100	15.290
Exchange rate adjustments	(2.977)	437	(907)	396
Transfer to and from other items	0	(10.157)	(4.308)	0
Additions	15.716	45.731	4.312	1.383
Disposals	<u>(94.334)</u>	<u>(80.902)</u>	<u>(2.826)</u>	<u>(38)</u>
Cost end of year	<u>182.894</u>	<u>340.920</u>	<u>91.371</u>	<u>17.031</u>
Depreciation and impairment losses beginning of the year	(56.527)	(186.035)	(54.977)	(12.137)
Exchange rate adjustments	(757)	(1.163)	(125)	(133)
Depreciation for the year	(7.300)	(32.868)	(7.601)	(1.473)
Reversal regarding disposals	<u>23.490</u>	<u>44.609</u>	<u>942</u>	<u>38</u>
Depreciation and impairment losses end of the year	<u>(41.094)</u>	<u>(175.457)</u>	<u>(61.761)</u>	<u>(13.705)</u>
Carrying amount end of year	<u>141.800</u>	<u>165.463</u>	<u>29.610</u>	<u>3.326</u>
Recognised assets not owned by entity	<u>0</u>	<u>37.142</u>	<u>409</u>	<u>0</u>

Notes to consolidated financial statements

	Property, plant and equipment in progress DKK'000
9. Property, plant and equipment	
Cost beginning of year	12.447
Exchange rate adjustments	335
Transfer to and from other items	14.457
Additions	50.292
Disposals	0
Cost end of year	77.531
Depreciation and impairment losses beginning of the year	0
Exchange rate adjustments	0
Depreciation for the year	0
Reversal regarding disposals	0
Depreciation and impairment losses end of the year	0
Carrying amount end of year	77.531
Recognised assets not owned by entity	0

	Investments in associates DKK'000	Other invest- ments DKK'000	Deferred tax DKK'000
10. Fixed asset investments			
Cost beginning of year	3.233	17	30.969
Additions	4.128	0	12.042
Cost end of year	7.361	17	43.011
Revaluations beginning of year	(667)	0	0
Exchange rate adjustments	153	0	0
Share of profit/loss for the year	(1.687)	0	0
Revaluations end of year	(2.201)	0	0
Carrying amount end of year	5.160	17	43.011

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Equity inte- rest %</u>
11. Subsidiaries		
Dinex Exhausts Limited	England	100,0
Dinex GmbH, Kalbach	Germany	100,0
Dinex Latvia SIA	Latvia	100,0
Dinex Italia SRL	Italy	100,0
Dinex Polska Sp. z.o.o.	Poland	100,0
Dinex Iberica Sistemas de escape, S.L.U	Spain	100,0
Dinex ETMA S.A.S.	France	100,0
Dinex Deutschland GmbH	Germany	100,0
Dinex Emission Inc.	USA	100,0
Dinex RUS LLC	Russia	100,0
Dinex Clamps Ltd.	England	75,0
Dinex Egzoz Ve Emisyon A.S	Turkey	100,0
Dinex Emission System Changzhou Co., Ltd.	China	100,0
Dinex Ejendomme ApS	Denmark	100,0
Dinex Ecocat OY	Finland	100,0
Dinex Emission (Thailand) Co. Ltd	Thailand	100,0
Dinex Balkan D.O.O.	Serbia	100,0

	<u>Registered in</u>	<u>Equity inte- rest %</u>
12. Associates		
JV Dinex Tongda Emission Solutions Co., Ltd.	China	50,0

Notes to consolidated financial statements

	2015 DKK'000	2014 DKK'000
13. Deferred tax		
Intangible assets	(7.941)	(3.721)
Property, plant and equipment	(4.905)	(18.058)
Inventories	1.173	4.331
Receivables	167	136
Liabilities other than provisions	71	66
Tax losses carried forward	49.334	35.666
	37.899	18.420

14. Minority interests

	2015 DKK'000	2014 DKK'000
Minority interests beginning of year	1.695	1.355
Share of profit for the year	292	240
Share of dividends for the year	0	0
Exchange adjustment	102	100
Minority interests end of year	2.089	1.695

15. Subordinate loan capital

Remunerated at 8,5% p.a. until repayment 23.12.2017.

	Instalments within 12 months 2015 DKK'000	Instalments within 12 months 2014 DKK'000	Instalments beyond 12 months 2015 DKK'000	Outstanding after 5 years DKK'000
16. Long-term liabilities other than provisions				
Subordinate loan capital	0	0	15.000	0
Mortgage debts	210	2.532	4.921	37.545
Bank loans	7.506	51.712	116.777	15.307
Finance lease liabilities	78.159	11.252	15.766	2.000
Other payables	1.800	900	0	0
	87.675	66.396	152.464	54.852

Notes to consolidated financial statements

	2015 DKK'000	2014 DKK'000
17. Change in working capital		
Increase/decrease in inventories	42.574	23.286
Increase/decrease in receivables	(32.288)	(18.267)
Increase/decrease in trade payables etc	(973)	26.647
	9.313	31.666

18. Arrangements not recognised in balance sheet

	2015 DKK'000	2014 DKK'000
Concluded currency forward contracts on the sale of currency for a total consideration of	6.052	9.218

19. Unrecognised rental and lease commitments

	2015 DKK'000	2014 DKK'000
Lease contracts on property has been concluded		
Annual lease payments	14.286	2.829

Operating Lease

Operating lease contracts on cars have been concluded for the years 2015 to 2018.

The contracts have been concluded for at least 3 years with fixed lease payments, subject to annual indexation.

The total future minimum lease payments under non-cancellable leases are distributed as follows:

Within a year	1.403	1.488
Between two and five years	1.040	1.770
After more than five years	0	0
	2.443	3.258

Notes to consolidated financial statements

18. Unrecognised rental and lease commitments - continued

	2015 DKK'000	2014 DKK'000
Operating lease contracts on machinery have been concluded for the years 2015 to 2018.		
The contracts have been concluded for at least 3 years with fixed lease payments, subject to annual indexation.		
The total future minimum lease payments under non-cancellable leases are distributed as follows:		
Within a year	880	651
Between two and five years	352	424
After more than five years	0	0
	1.232	1.075
Operating lease contracts on office equipment have been concluded for the years 2015 to 2016.		
The contracts have been concluded for at least two years with fixed lease payments, subject to annual indexation.		
The total future minimum lease payments under non-cancellable leases are distributed as follows:		
Within a year	425	610
Between two and five years	713	359
After more than five years	0	0
	1.138	969

Notes to consolidated financial statements

20. Mortgages and securities

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
Bank debt is secured by a fixed and floating charge on the shares of Dinex Ecocat Oyassets of a subsidiary and by a fixed and floating charge on the shares in Dinex Ecocat OY.		
Carrying amount of assets	<u>18.795</u>	<u>24.574</u>
Carrying amount of shares in Dinex Ecocat OY	<u>55.282</u>	<u>89.964</u>
Bank debt and mortgage debt is secured by way of mortgage on properties.		
Carrying amount of mortgaged properties	<u>29.907</u>	<u>115.893</u>
Current debt	<u>5.135</u>	<u>55.656</u>
Bank debt is secured by way of mortgage on plant and machinery, DKK 3.800.000 nominal		
Carrying amount of mortgaged plant and machinery	<u>21.877</u>	<u>34.139</u>
Current bank debt	<u>3.059</u>	<u>5.145</u>
Financial leases		
Financial lease contracts have been concluded for the years 2014 to 2020 on:		
Plant and machinery, carrying amount	<u>37.142</u>	<u>56.719</u>
Other fixtures & fittings, tools & equipment, carrying amount	<u>409</u>	<u>538</u>
Dinex A/S has submitted joint security for a subsidiaries' debt to bank maximized to EURO 7.000 thousands	<u>52.238</u>	<u>22.331</u>

Notes to consolidated financial statements**20. Mortgages and securities - continued**

	2015	2014
	<u>DKK'000</u>	<u>DKK'000</u>
Dinex A/S has granted a guarantee for a subsidiaries' debt		
To bank maximized to 100 million RUB	<u>9.360</u>	<u>0</u>

Dinex has been requested TP documentation for the years 2010-2013. The documentation has been sent to SKAT at the beginning of 2016, and there has not yet been a response from SKAT.

21. Consolidation

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

Dinex Emission Holding A/S, Fynsvej 39, DK-5500 Middelfart

Parent income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Revenue	1	239.378	384.304
Production costs	3, 4	<u>(235.633)</u>	<u>(381.564)</u>
Gross profit/loss		3.745	2.740
Distribution costs		(11.364)	(11.122)
Administrative costs	2	<u>(13.756)</u>	<u>(13.606)</u>
Operating profit/loss		(21.375)	(21.988)
Income from investments in group enterprises		16.829	6.587
Income from investments in associates		(1.687)	(819)
Other financial income	5	27.524	10.343
Other financial expenses	6	<u>(22.194)</u>	<u>(20.651)</u>
Profit/loss from ordinary activities before tax		(903)	(26.528)
Tax on profit/loss from ordinary activities	7	<u>10.423</u>	<u>7.587</u>
Profit/loss for the year		<u>9.520</u>	<u>(18.941)</u>
Proposed distribution of profit/loss			
Dividend for the financial year		29.500	30.500
Reserve for net revaluation according to the equity method		0	5.767
Retained earnings		<u>(19.980)</u>	<u>(55.208)</u>
		<u>9.520</u>	<u>(18.941)</u>

Parent balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Completed development projects		32.373	26.416
Acquired concessions		1.417	2.279
Intangible assets	8	33.790	28.695
Plant and machinery		30.253	75.119
Other fixtures and fittings, tools and equipment		4.990	7.458
Leasehold improvements		198	233
Property, plant and equipment	9	35.441	82.810
Investments in group enterprises		231.618	294.239
Receivables from group enterprises		3.287	3.287
Investments in associates		5.160	2.566
Other investments		17	17
Fixed asset investments	10	240.082	300.109
Fixed assets		309.313	411.614
Raw materials and consumables		7.655	24.396
Work in progress		743	5.958
Manufactured goods and goods for resale		19.788	38.554
Inventories		28.186	68.908
Trade receivables		30.451	48.686
Receivables from group enterprises		0	94.057
Dividends receivable from group enterprises		173.182	0
Other short-term receivables		3.082	13.495
Income tax receivable		2.239	0
Prepayments	11	2.723	2.335
Receivables		211.677	158.573
Cash		13	21
Current assets		239.876	227.502
Assets		549.189	639.116

Parent balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital	12	2.250	2.250
Retained earnings		87.525	108.576
Proposed dividend		29.500	30.500
Equity		119.275	141.326
Provisions for deferred tax	13	594	5.869
Provisions		594	5.869
Subordinate loan capital	14	15.000	0
Bank loans		43.552	91.540
Finance lease liabilities		13.227	24.642
Other payables		0	900
Non-current liabilities other than provisions	15	71.779	117.082
Current portion of long-term liabilities other than provisions	15	53.662	42.800
Bank loans		245.989	198.864
Prepayments received from customers		7.382	0
Trade payables		0	38.479
Payables to group enterprises		17.062	51.460
Income tax payable		1.012	513
Other payables		32.434	42.723
Current liabilities other than provisions		357.541	374.839
Liabilities other than provisions		429.320	491.921
Equity and liabilities		549.189	639.116
Arrangements not recognised in balance sheet	16		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Mortgages and securities	19		
Related parties with controlling interest	20		
Ownership	21		

Parent statement of changes in equity for 2015

	Contri- buted ca- pital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	2.250	108.576	30.500	141.326
Ordinary dividend paid	0	0	(30.500)	(30.500)
Exchange rate adjustments	0	(3.648)	0	(3.648)
Fair value adjustments of hedging instru- ments	0	152	0	152
Value adjustments	0	2.425	0	2.425
Group contributions etc	0	76.536	0	76.536
Transfer to reserves	0	(59.707)	0	(59.707)
Profit/loss for the year	0	(36.809)	29.500	(7.309)
Equity end of year	2.250	87.525	29.500	119.275

Notes to parent financial statements

	2015 DKK'000	2014 DKK'000
1. Revenue		
Danmark	5.947	6.826
Øvrige lande	233.431	377.478
	239.378	384.304

	2015 DKK'000	2014 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	346	299
Other assurance engagements	23	33
Tax services	1.084	262
Other services	4.578	584
	6.031	1.178

	2015 DKK'000	2014 DKK'000
3. Staff costs		
Wages and salaries	53.960	78.087
Pension costs	3.912	5.670
Other social security costs	1.388	2.275
	59.260	86.032

Average number of employees	105	166
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	Remune- ration of manage- ment 2015 DKK'000	Remune- ration of manage- ment 2014 DKK'000
Executive Board	5.925	13.412
Board of Directors	750	675
	6.675	14.087

Notes to parent financial statements

	2015 DKK'000	2014 DKK'000
Of this, total remuneration for:		
Executive Board	6.000	8.623
Terminated benefits	0	4.789
Executive board total	0	13.412

	2015 DKK'000	2014 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	4.762	3.657
Depreciation on property, plant and equipment	11.251	15.056
Profit/loss from sale of intangible assets and property, plant and equipment	(1.035)	8.940
	14.978	27.653

	2015 DKK'000	2014 DKK'000
5. Other financial income		
Financial income arising from group enterprises	5.922	4.938
Interest income	5.886	0
Exchange rate adjustments	15.716	5.405
	27.524	10.343

	2015 DKK'000	2014 DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	984	965
Interest expenses	17.197	15.091
Exchange rate adjustments	4.013	4.595
	22.194	20.651

	2015 DKK'000	2014 DKK'000
7. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	(2.239)	0
Change in deferred tax for the year	(5.276)	(7.587)
Adjustment concerning previous years	(349)	0
Effect of changed tax rates	(2.559)	0
	(10.423)	(7.587)

Notes to parent financial statements

		Completed develop- ment pro- jects DKK'000	Acquired concessi- ons DKK'000
8. Intangible assets			
Cost beginning of year		40.037	8.639
Additions		9.527	345
Disposals		(72)	0
Cost end of year		49.492	8.984
Amortisation and impairment losses beginning of year		(13.621)	(6.360)
Amortisation for the year		(3.555)	(1.207)
Reversal regarding disposals		57	0
Amortisation and impairment losses end of year		(17.119)	(7.567)
Carrying amount end of year		32.373	1.417
		Other fix- tures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
9. Property, plant and equipment			
Cost beginning of year	171.515	25.686	10.179
Additions	271	279	0
Disposals	(79.920)	(1.577)	(38)
Cost end of year	91.866	24.388	10.141
Depreciation and impairment losses beginning of the year	(96.396)	(18.228)	(9.946)
Depreciation for the year	(9.714)	(1.502)	(35)
Reversal regarding disposals	44.497	332	38
Depreciation and impairment losses end of the year	(61.613)	(19.398)	(9.943)
Carrying amount end of year	30.253	4.990	198
Recognised assets not owned by entity	13.363	0	0

Notes to parent financial statements

	Investments in group enter- prises DKK'000	Receivables from group enterprises DKK'000	Investments in associates DKK'000	Other invest- ments DKK'000
10. Fixed asset invest- ments				
Cost beginning of year	297.736	3.504	3.233	17
Additions	734	0	4.128	0
Cost end of year	298.470	3.504	7.361	17
Revaluations beginning of year	(3.497)	(217)	(667)	0
Exchange rate adjustments	(3.649)	0	153	0
Amortisation of goodwill	(150)	0	0	0
Share of profit/loss for the year	15.905	0	(1.687)	0
Adjustment of intra-group profits	1.075	0	0	0
Dividend	(76.536)	0	0	0
Revaluations end of year	(66.852)	(217)	(2.201)	0
Carrying amount end of year	231.618	3.287	5.160	17
Goodwill on consolidation included in carrying amount	450	0	0	0

11. Prepayments

Prepayments primarily comprise insurance, software licenses and lease payments.

	Number	Par value DKK'000	Nominal value DKK'000
12. Contributed capital			
A-shares	29	50	1.450
A-share	1	40	40
A-share	1	10	10
B-shares	14	50	700
B-share	1	47	47
B-share	1	3	3
	47		2.250

Notes to parent financial statements

	2015 DKK'000	2014 DKK'000
13. Deferred tax		
Intangible assets	7.940	7.029
Property, plant and equipment	(1.276)	4.871
Inventories	0	1.972
Receivables	(129)	(135)
Liabilities other than provisions	(131)	(42)
Tax losses carried forward	(6.920)	(9.530)
Other taxable temporary differences	1.110	1.704
	594	5.869

14. Subordinate loan capital

Remunerated at 8,5% p.a. until repayment 23.12.2017

	Instalments within 12 months 2015 DKK'000	Instalments within 12 months 2014 DKK'000	Instalments beyond 12 months 2015 DKK'000	Outstanding after 5 years DKK'000
15. Long-term liabilities other than provisions				
Subordinate loan capital	0	0	15.000	0
Bank loans	5.880	32.703	43.552	621
Finance lease liabilities	47.782	9.197	13.227	0
Other payables	0	900	0	N/A
	53.662	42.800	71.779	621

16. Arrangements not recognised in balance sheet

Contractual liabilities

	2015 DKK'000	2014 DKK'000
Concluded currency forward contracts on the sale of currency for a total consideration of	6.052	9.218

Notes to parent financial statements

17. Unrecognised rental and lease commitments

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
A lease contract with Dinex Ejendomme ApS for renting of the property placed Fynsvej 39, Middelfart and Lollandsvej 33, Middelfart has been concluded		
Annual lease payments	<u>2.046</u>	<u>7.441</u>
Lease contract on property has been concluded		
Annual lease payment	<u>8.500</u>	<u>0</u>

Operating Lease

Operating lease contracts on cars have been concluded for the years 2015 to 2018.

The contracts have been concluded for at least 3 years with fixed lease payments, subject to annual indexation.

The total future minimum lease payments under non-cancellable leases are distributed as follows:

Within a year	332	420
Between two and five years	92	314
After more than five years	<u>0</u>	<u>0</u>
	<u>424</u>	<u>734</u>

Notes to parent financial statements

18. Contingent liabilities

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
<p>The following companies have submitted jointly liable guarantee for thh Group's overdraft limit maximized to DKK 166.250 thousand (31.12.2014: DKK 135.750 thousand):</p> <p>Dinex Exhausts Ltd., Dinex Deutschland GmbH, Dinex Ejendomme ApS, Dinex GmbH, Dinex Polska Sp. Z.o.o., Dinex ETMA S.A.S, and Dinex Italia S.r.l.</p>		
Current bank debt	<u>135.580</u>	<u>118.860</u>
<p>The following companies have submitted jointly liable guarantee for the Parent's overdraft limit maximized to DKK 138.500 thousand (31.12.2014: DKK 120.000 thousand):</p> <p>Dinex Latvia SIA, Dinex Emission Inc., Dinex Emission System Changzhou Co., Ltd. And Dinex Ecocat OY</p>		
Current bank debt	<u>137.246</u>	<u>109.875</u>
<p>The following companies have submitted jointly liable guarantee for the Parent's foreign exchange loan:</p> <p>Dinex Latvia SIA, Dinex Emission Inc., Dinex Emission System Changzhou Co., Ltd. And Dinex Ecocat OY</p>		
Current bank debt	<u>42.389</u>	<u>63.909</u>
<p>Dinex A/S has given collateral for the mortgage debt of a subsidiary</p>		
Current mortgage debt	<u>5.132</u>	<u>52.717</u>

Notes to parent financial statements

18. Contingent liabilities - continued

	2015	2014
	<u>DKK'000</u>	<u>DKK'000</u>
Dinex A/S had submitted joint surety for subsidiaries' debt to banks.		
Current bank debt of subsidiaries	<u>49.165</u>	<u>57.264</u>
Dinex A/S had submitted joint surety for subsidiaries' debt to bank maximized to DKK 84.538 thousand (31.12.2014: DKK 84.773 thousand)		
Current bank debt of subsidiaries	<u>66.893</u>	<u>64.598</u>
Dinex A/S has provided a bank guarantee for a subsidiary's bank engagement maximized to PLN 7.200 thousand (DKK 12.628 thousand)		
Current debt of group enterprise	<u>3.214</u>	<u>4.457</u>
Dinex A/S had submitted joint surety for a subsidiaries' debt to bank maximized to EUR 7.000 thousand		
Current debt of group enterprise	<u>52.238</u>	<u>22.331</u>
The Parent has issued a letter of intent to Dinex ETMA S.A.S concerning financial support until 21 April 2016.		
The Parent has issued a letter of intent to Dinex Exhaust Ltd. concerning financial support until 27 February 2016		

The Company participates in a Danish joint taxation arrangement with Dinex Holding ApS serving as the administration company. The Company therefore has partial joint and partial secondary liability from the financial year 2013 for income taxes etc for the jointly taxed company, and from 1 July 2012 also partial joint and partial secondary liability for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed company. The total net liability to the Danish tax authorities appears from the financial statements of Dinex Holding ApS.

Notes to parent financial statements

19. Mortgages and securities

	2015 DKK'000	2014 DKK'000
Bank debt is secured by a fixed and floating charge on the shares of Dinex Ecocat OY		
Carrying amount	55.282	89.964
Bank debt is secured by way of mortgage on plant and machinery, DKK 3.800.000 nominal		
Carrying amount of mortgaged plant and machinery	21.877	34.140
Current bank debt	3.059	5.145

Financial leases

Financial lease contracts have been concluded for the years 2015 to 2020 on:

Plant and machinery, carrying amount	13.363	48.435
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20. Related parties with controlling interest

The following parties have a controlling interest:

Name	Registered office	Basis of influence	
Dinex Emission Holding A/S	DK-5500 Middelfart	Fynsvej 39	Shareholding
Torben Dinesen	DK-5500 Middelfart	Strandstien 157, Strib	Managing Director, CEO
Niels Hermansen	DK-5800 Nyborg	Vagtstien 2	Chairman of the board
Carsten Riisberg Lund	DK-3550 Slangerup	Skovvænget 8, Buresø	Board Member
Peter Kragh Knudsen	DK-5500 Middelfart	Brændeskovvej 93, Billeshave	Board Member
Kenneth Aaby Sachse	DK-2650 Hvidovre	Brostykkevej 57	Board Member

Notes to parent financial statements

21. Ownership

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

Dinex Emission Holding A/S (Central Business Registration No.: 17 08 49 41), Fynsvej 39, DK-5500 Middelfart.

Dinex Holding ApS (Central Business Registration No: 16 98 53 84), Fynsvej 39, DK-5500 Middelfart.

TD Latoki ApS (Central Business Registration No: 33 88 34 55), Fynsvej 39, DK-5500 Middelfart.