

Halton A/S
Husby Alle 17 1. tv.
2630 Taastrup
Central Business Registration No
11744281

Annual report 2016

The Annual General Meeting adopted the annual report on 31.05.2017

Chairman of the General Meeting

Name: Jørgen Flodgaard

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Income statement for 2016	6
Balance sheet at 31.12.2016	7
Notes	9
Accounting policies	10

Entity details

Entity

Halton A/S
Husby Alle 17 1. tv.
2630 Taastrup

Central Business Registration No: 11744281

Founded: 25.11.1987

Registered in: Taastrup

Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Kai Olavi Konola, Chairman
Jørgen Flodgaard Olesen
Janne Matias Pukkila

Executive Board

Janne Matias Pukkila, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Halton A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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.

Høje Taastrup, 21.04.2017

Executive Board

Janne Matias Pukkila
CEO

Board of Directors

Kai Olavi Konola
Chairman

Jørgen Flodgaard Olesen

Janne Matias Pukkila

Independent auditor's reports

To the shareholders of Halton A/S

Report on extended review of the financial statements

We have performed an extended review of the financial statements of Halton A/S for the financial year 01.01.2016 - 31.12.2016. The financial statements, which comprise the income statement, balance sheet, notes and accounting policies, 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 as Management determines is necessary to enable the preparation of 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 financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Independent auditor's reports

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 21.04.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Henrik Buch
State Authorised Public Accountant

Casper Young Roed Guldmann
State Authorised Public Accountant

Management commentary

Primary activities

The company's primary activity is to purchase and sell ventilations equipment in Denmark.

Development in activities and finances

The company have realized a profit of DKK 1.366 k. In 2015 the profit was DKK 611k.

The profit for 2016 is regarded as satisfactory.

Events after the balance sheet date

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

Income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Gross profit		9.929.157	8.026.429
Distribution costs	1	(7.073.209)	(6.050.246)
Administrative costs		<u>(1.067.916)</u>	<u>(1.143.893)</u>
Operating profit/loss		1.788.032	832.290
Other financial income		5.946	39
Other financial expenses		<u>(1.640)</u>	<u>(5.618)</u>
Profit/loss before tax		1.792.338	826.711
Tax on profit/loss for the year		<u>(426.215)</u>	<u>(216.206)</u>
Profit/loss for the year		<u>1.366.123</u>	<u>610.505</u>
Proposed distribution of profit/loss			
Retained earnings		<u>1.366.123</u>	<u>610.505</u>
		<u>1.366.123</u>	<u>610.505</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Land and buildings		1.899.562	1.956.492
Other fixtures and fittings, tools and equipment		0	12.125
Leasehold improvements		23.308	23.984
Property, plant and equipment		<u>1.922.870</u>	<u>1.992.601</u>
Other receivables		24.707	24.707
Fixed asset investments		<u>24.707</u>	<u>24.707</u>
Fixed assets		<u>1.947.577</u>	<u>2.017.308</u>
Trade receivables		5.164.938	4.163.611
Receivables from group enterprises		697.207	303.938
Other receivables		3.952.000	3.112.387
Receivables		<u>9.814.145</u>	<u>7.579.936</u>
Cash		<u>1.179.973</u>	<u>1.096.281</u>
Current assets		<u>10.994.118</u>	<u>8.676.217</u>
Assets		<u>12.941.695</u>	<u>10.693.525</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital		500.000	500.000
Retained earnings		3.906.344	2.540.221
Equity		4.406.344	3.040.221
Deferred tax		285.834	292.866
Provisions		285.834	292.866
Prepayments received from customers		0	69.768
Non-current liabilities other than provisions		0	69.768
Trade payables		339.078	220.916
Payables to group enterprises		4.510.611	4.472.572
Income tax payable		383.639	197.170
Other payables		3.016.189	2.400.012
Current liabilities other than provisions		8.249.517	7.290.670
Liabilities other than provisions		8.249.517	7.360.438
Equity and liabilities		12.941.695	10.693.525
Unrecognised rental and lease commitments	2		
Mortgages and securities	3		
Related parties with controlling interest	4		

Notes

	2016	2015
	DKK	DKK
1. Staff costs		
Wages and salaries	5.205.081	4.444.063
Pension costs	482.837	327.838
Other social security costs	38.677	59.969
Other staff costs	554.290	405.041
	6.280.885	5.236.911
Average number of employees	10	9

	2016	2015
	DKK	DKK
2. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	960.946	565.211

3. Mortgages and securities

There are no mortgage.

4. Related parties with controlling interest

Name and registered officie of the Parent preparing consolidated financial statements for the largest group:
OY Halton Group Ltd, Finland

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs

Production: Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and

Accounting policies

lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative costs

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationary and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

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 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.

Tax on profit/loss for the year

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.

Balance sheet

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.

Accounting policies

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

Buildings	50 years
Other fixtures and fittings, tools and equipment	5 years

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

Receivables

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

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

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

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

Operating leases

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

Other financial liabilities

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

Prepayments received from customers

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

Income tax receivable or payable

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