

Allerup Teknik A/S
Central Business Registration No
12223900
Stat-Ene-Vej 50
5220 Odense SØ

Annual report 2015

The Annual General Meeting adopted the annual report on 24.05.2016

Chairman of the General Meeting

Name: Jesper Skalshøi

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Entity details

Entity

Allerup Teknik A/S
Stat-Ene-Vej 50
5220 Odense SØ

Central Business Registration No: 12223900

Founded: 01.06.1988

Registered in: Odense

Financial year: 01.01.2015 - 31.12.2015

Phone: 70119311

Fax: 70119310

Internet: www.allerup-teknik.dk

E-mail: at@allerup-teknik.dk

Board of Directors

Christoph Martin Behr, Chairman of the Board

Jens-Uwe Paasch, Vice-chairman of the Board

Bernd Gründemann

Executive Board

Jesper Skalshøi

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

Postboks 10

5100 Odense 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 Allerup Teknik A/S for the financial year 01.01.2015 - 31.12.2015.

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 31.12.2015 and of the results of its operations and cash flows for the financial year 01.01.2015 - 31.12.2015.

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.

Odense, 24.05.2016

Executive Board

Jesper Skalshøj

Board of Directors

Christoph Martin Behr
Chairman of the Board

Jens-Uwe Paasch
Vice-chairman of the Board

Bernd Gründemann

Independent auditor's reports

To the owners of Allerup Teknik A/S

Report on the financial statements

We have audited the financial statements of Allerup Teknik 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, cash flow statement and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control 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 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the 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 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 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.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations and cash flows for the financial year 01.01.2015 - 31.12.2015 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 financial statements.

Independent auditor's reports

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

Odense, 24.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Fl. Heden Knudsen

State Authorised Public Accountant

Heino Tholsgaard

State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial high-lights					
Key figures					
Gross profit	5,817	2,439	5,225	5,945	7,299
Operating profit/loss	475	(3,371)	35	807	1,631
Net financials	(385)	(237)	(690)	(512)	(408)
Profit/loss for the year	161	(2,868)	(604)	175	906
Total assets	32,238	27,243	25,812	26,508	26,034
Investments in property, plant and equipment	546	221	429	66	630
Equity	5,722	1,056	3,853	4,475	4,349
Employees in average	7	8	8	9	8
Ratios					
Return on equity (%)	4.8	(116.8)	(14.5)	4.0	20.8
Rate of return on investment (%)	1.5	(12.4)	(0.1)	3.0	6.3

Management commentary

Primary activities

The purpose of the Entity is to trade with standard products as well as customer adjusted products within the business of continuous casted iron, forged and casted goods, industrial components and bronze. The Entity buys goods all around the world, and primarily sells it in Europe.

Development in activities and finances

The net profit of the year is DKK 161k. Last year the net loss was DKK (2,868)k. The Management think that the net profit of the year is unsatisfactory.

The company has received a group contribution of DKK 4,476k in 2015.

Outlook

The Entity expects a positive net profit for the coming accounting year.

Particular risks

Price risks

The company's products include continuous casted iron, forged and casted goods, industrial components and bronze. The price for these materials is affected by the general supply and demand in the world market. The company's contribution margin is affected by the development of the price movement for these products.

Currency risks

Most of the company's products is purchased internationally and so the company's profit, cash flow and equity are affected by exchange rate movements for a number of currencies, primarily USD and EUR.

Events after the balance sheet date

No other 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 B enterprises.

The Entity has according to the § 32 of the Danish Financial Statements Act decided not to state the revenue.

The accounting policies applied for these financial statements are consistent with those applied last year. Last year the annual report was presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C (medium). This change has not effected the result or balance.

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. 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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of raw materials and consumables and external expenses.

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

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.

Accounting policies

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.

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases 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 amortisation period 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.

Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-suppliers 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.

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:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

Plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Receivables

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

Inventories

Inventories are measured at the lower of cost using the method of average prices and net realisable value.

Cost consists of purchase price plus delivery costs. Goods on the road is recognized when the risk of the goods turns to the Entity.

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

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Accounting policies

Cash flows from operating activities are presented using the indirect method and 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, activities 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 contributed 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 and short-term securities with an insignificant price risk less short-term bank debt.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
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.
Rate of return on investment (%)	$\frac{\text{Operating profit} \times 100}{\text{Total assets}}$	The ability to make profit from the assets.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Gross profit		5,816,884	2,439
Staff costs	1	(5,091,817)	(5,573)
Depreciation, amortisation and impairment losses	2	<u>(250,133)</u>	<u>(237)</u>
Operating profit/loss		474,934	(3,371)
Other financial income	3	0	208
Other financial expenses	4	<u>(385,331)</u>	<u>(445)</u>
Profit/loss from ordinary activities before tax		89,603	(3,608)
Tax on profit/loss from ordinary activities	5	<u>71,492</u>	<u>740</u>
Profit/loss for the year		<u>161,095</u>	<u>(2,868)</u>
 Proposed distribution of profit/loss			
Retained earnings		<u>161,095</u>	<u>(2,868)</u>
		<u>161,095</u>	<u>(2,868)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Goodwill		0	0
Intangible assets	6	<u>0</u>	<u>0</u>
Other fixtures and fittings, tools and equipment		629,740	460
Leasehold improvements		0	0
Property, plant and equipment	7	<u>629,740</u>	<u>460</u>
Deposits		240,000	1,240
Other receivables		2,845,593	3,778
Fixed asset investments	8	<u>3,085,593</u>	<u>5,018</u>
Fixed assets		<u>3,715,333</u>	<u>5,478</u>
Raw materials and consumables		12,706,391	9,984
Inventories		<u>12,706,391</u>	<u>9,984</u>
Trade receivables		12,418,428	9,304
Receivables from group enterprises		73,131	59
Deferred tax assets	9	1,025,515	1,867
Other short-term receivables		2,137,655	494
Prepayments	10	50,518	41
Receivables		<u>15,705,247</u>	<u>11,765</u>
Cash		<u>111,520</u>	<u>16</u>
Current assets		<u>28,523,158</u>	<u>21,765</u>
Assets		<u>32,238,491</u>	<u>27,243</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Contributed capital		1,000,000	1,000
Retained earnings		4,722,028	56
Equity		<u>5,722,028</u>	<u>1,056</u>
Payables to group enterprises	11	1,492,500	2,233
Non-current liabilities other than provisions	12	<u>1,492,500</u>	<u>2,233</u>
Current portion of long-term liabilities other than provisions	12	0	78
Bank loans		18,151,800	18,146
Trade payables		3,192,739	3,414
Debt to group enterprises		1,544,475	1,485
Other payables		2,134,949	831
Current liabilities other than provisions		<u>25,023,963</u>	<u>23,954</u>
Liabilities other than provisions		<u>26,516,463</u>	<u>26,187</u>
Equity and liabilities		<u>32,238,491</u>	<u>27,243</u>
Contingent liabilities	15		
Ownership	16		

Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	1,000,000	56,368	1,056,368
Increase of capital	0	4,476,000	4,476,000
Fair value adjustments of hedging instruments	0	28,565	28,565
Profit/loss for the year	0	161,095	161,095
Equity end of year	<u>1,000,000</u>	<u>4,722,028</u>	<u>5,722,028</u>

The capital has been unchanged the last five years. The share capital is not compared into classes.

Cash flow statement 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Operating profit/loss		474,934	(3,371)
Amortisation, depreciation and impairment losses		250,133	237
Working capital changes	13	<u>(5,248,360)</u>	<u>2,023</u>
Cash flow from ordinary operating activities		(4,523,293)	(1,111)
Financial income received		0	208
Financial income paid		(356,795)	(445)
Income taxes refunded/(paid)		<u>913,000</u>	<u>0</u>
Cash flows from operating activities		(3,967,088)	(1,348)
Acquisition etc of property, plant and equipment		(545,541)	(221)
Sale of property, plant and equipment		126,000	0
Acquisition of fixed asset investments		<u>0</u>	<u>(1,000)</u>
Cash flows from investing activities		(419,541)	(1,221)
Cash increase of capital		<u>4,476,000</u>	<u>0</u>
Cash flows from financing activities		4,476,000	0
Increase/decrease in cash and cash equivalents		89,371	(2,569)
Cash and cash equivalents beginning of year		<u>(18,129,651)</u>	<u>(15,561)</u>
Cash and cash equivalents end of year	14	<u>(18,040,280)</u>	<u>(18,130)</u>
Cash and cash equivalents at year-end are composed of:			
Cash		111,520	16
Short-term debt to banks		<u>(18,151,800)</u>	<u>(18,146)</u>
Cash and cash equivalents end of year		(18,040,280)	(18,130)

Notes

	2015	2014
	DKK	DKK'000
1. Staff costs		
Wages and salaries	3,995,421	4,878
Pension costs	612,948	586
Other social security costs	56,801	61
Other staff costs	426,647	48
	5,091,817	5,573
Average number of employees	7	8
	2015	2014
	DKK	DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	291,689	237
Profit/loss from sale of intangible assets and property, plant and equipment	(41,556)	0
	250,133	237
	2015	2014
	DKK	DKK'000
3. Other financial income		
Financial income arising from group enterprises	0	3
Interest income	0	74
Exchange rate adjustments	0	131
	0	208
	2015	2014
	DKK	DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	84,132	25
Interest expenses	300,709	417
Other financial expenses	490	3
	385,331	445
	2015	2014
	DKK	DKK'000
5. Tax on ordinary profit/loss for the year		
Change in deferred tax for the year	26,770	(740)
Adjustment relating to previous years	(98,262)	0
	(71,492)	(740)

Notes

	Goodwill DKK	
	<hr/>	
6. Intangible assets		
Cost beginning of year		1,000,000
Cost end of year		1,000,000
		<hr/>
Amortisation and impairment losses beginning of year		(1,000,000)
Amortisation and impairment losses end of year		(1,000,000)
		<hr/>
Carrying amount end of year		0
		<hr/>
	Other fix- tures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
	<hr/>	<hr/>
7. Property, plant and equipment		
Cost beginning of year	3,625,989	1,464,219
Additions	545,541	0
Disposals	(455,000)	0
Cost end of year	3,716,530	1,464,219
	<hr/>	<hr/>
Depreciation and impairment losses beginning of the year	(3,165,657)	(1,464,219)
Depreciation for the year	(291,689)	0
Reversal regarding disposals	370,556	0
Depreciation and impairment losses end of the year	(3,086,790)	(1,464,219)
	<hr/>	<hr/>
Carrying amount end of year	629,740	0
	<hr/>	<hr/>
	Deposits DKK	Other recei- vables DKK
	<hr/>	<hr/>
8. Fixed asset investments		
Cost beginning of year	1,240,000	3,778,450
Additions	0	(932,857)
Disposals	(1,000,000)	0
Cost end of year	240,000	2,845,593
	<hr/>	<hr/>
Carrying amount end of year	240,000	2,845,593
	<hr/>	<hr/>

Notes

	2015	2014
	DKK	DKK'000
9. Deferred tax		
Property, plant and equipment	197,836	143
Receivables	0	81
Tax losses carried forward	827,679	1,643
	1,025,515	1,867

10. Prepayments

Prepayments is expenses concerning the coming accounting year but paid this accounting year.

11. Long-term debt to group enterprises

Long-term debt to group enterprises is a loan at 200,000 EUR which will end December 31, 2018.

12. Long-term liabilities other than provisions

The long-term debt due within 5 years.

	2015	2014
	DKK	DKK'000
13. Change in working capital		
Increase/decrease in inventories	(2,722,937)	1,925
Increase/decrease in receivables	(2,848,702)	(1,643)
Increase/decrease in trade payables etc	323,279	1,749
Other changes	0	(8)
	(5,248,360)	2,023

14. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement consist of cash DKK 111,520 and bank loans DKK 18,151,800.

15. Contingent liabilities

Rent for property the next year is DKK 1,096k. The renting contract can be terminated with a warning of twelve months and may in no circumstances expire before December 31, 2023. The rent for the rest of the period amounts to DKK 8,773k.

Notes

The Company participates in a Danish joint taxation arrangement in which ACO Nordic Group A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2014 for income taxes etc for the jointly taxed companies and from 1 July 2014 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Lease liabilities for equipment etc. amounts to DKK 850k.

16. Ownership

The Entity has registered following shareholders with more than 5% of the shared capital voting rights or face value of the shares:

ACO Guss GmbH, Am Gusswerk 8, DE-67663 Kaiserslautern, Germany.