

# AGRAMKOW Fluid Systems A/S

Augustenborg Landevej 19, 6400 Sønderborg

CVR no. 12 24 55 99

## Annual report 2015

Approved at the annual general meeting of shareholders on 18 April 2016

Chairman:



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### Statement by the Board of Directors and the Executive Board

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

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2015 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2015.

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

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

Sønderborg, 18 April 2016  
Executive Board:



Bjarne Ravn Sørensen

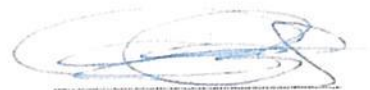
Board of Directors:



Ralf-Michael Fuchs  
Chairman



Ulrich Peter Mosch



Bjarne Ravn Sørensen



Kjeld Kückelhahn

## Independent auditors' report

To the shareholders of AGRAMKOW Fluid Systems A/S

### **Independent auditors' report on the consolidated financial statements and the parent company financial statements**

We have audited the consolidated financial statements and the parent company financial statements of AGRAMKOW Fluid Systems A/S for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies for the group as well as the company, and a cash flow statement for the group. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

### ***Management's responsibility for the consolidated financial statements and the parent company financial statements***

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

### ***Auditors' responsibility***

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

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

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

Our audit has not resulted in any qualification.

### ***Opinion***

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

## Independent auditors' report

### Statement on the Management's review

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

Aarhus, 18 April 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR No. 30 70 02 28



Henrik Andersen  
state authorised public accountant

## Management's review

### Company details

Name	AGRAMKOW Fluid Systems A/S
Address, Postal code, City	Augustenborg Landevej 19, 6400 Sønderborg
CVR No.	12 24 55 99
Established	1 January 1988
Registered office	Sønderborg
Financial year	1 January - 31 December
Website	<a href="http://www.agramkow.com">www.agramkow.com</a>
E-mail	<a href="mailto:agramkow@agramkow.com">agramkow@agramkow.com</a>
Telefax	+45 74 43 36 46
Board of Directors	Ralf-Michael Fuchs, Chairman Ulrich Peter Mosch Bjarne Ravn Sørensen Kjeld Kückelhahn
Executive Board	Bjarne Ravn Sørensen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P O Box 330, 8100 Aarhus C, Denmark
Bankers	Danske Bank Nordea

## Management's review

### Financial highlights for the Group

DKK'000	2015	2014	2013	2012	2011
<b>Key figures</b>					
Revenue	226,772	210,902	196,242	254,314	203,791
Operating profit	13,877	20,250	11,580	84,513	36,092
Net financials	-3,240	114	-1,398	-1,764	-646
Profit/loss for the year	6,726	16,451	7,945	61,892	26,785
Total assets	150,955	138,102	126,727	201,904	122,215
Equity	36,322	47,705	64,419	85,418	37,083
Cash flows from operating activities	5,481	23,883	38,152	23,635	20,582
Net cash flows from investing activities	-7,388	-6,163	-4,825	-4,213	-2,765
Portion relating to investment in property, plant and equipment	-1,722	-2,357	1,047	1,501	910
Cash flows from financing activities	-1,156	-15,454	-59,062	14,348	-31,506
<b>Financial ratios</b>					
Operating margin	6.1%	9.6%	5.9%	33.2%	17.7%
Gross margin	38.8%	40.7%	41.8%	58.5%	47.5%
Return on assets	9.6%	15.3%	7.0%	52.1%	30.3%
Solvency ratio	24.1%	34.5%	50.8%	42.3%	30.3%
Return on equity	16.0%	29.3%	10.6%	101.0%	55.8%
Average number of employees	137	131	125	118	112

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

## Management's review

### Operating review

#### The Group's business review

##### *Operating review*

###### *Principal activities of the Company*

AGRAMKOW Fluid Systems A/S ([www.agramkow.com](http://www.agramkow.com)) is the parent company of the AGRAMKOW Group which develops, manufactures and markets high tech processing equipment for the appliance and automotive industries and solutions for environmental projects under the Montreal and Kyoto protocols.

Equipment and solutions for appliance manufacturers include integrated vacuum, leak detection and fluid fill systems as well as test and data collection systems for refrigerator, freezer and air conditioning factories worldwide. Fluid fill and data collection systems are supplied to car manufacturers. Equipment for the appliance and automotive industries is developed and manufactured in Sønderborg (DK) and marketed globally through AGRAMKOW partners and the following wholly owned sales and service companies:

- AGRAMKOW Asia Pacific Pte. Ltd., Singapore
- AGRAMKOW do Brasil Ltda, Brazil
- AGRAMKOW UK (branch), Great Britain
- AGRAMKOW US, (sales and service office), USA
- AGRAMKOW India (sales and service office), India
- AGRAMKOW China (production facilities), China
- AGRAMKOW DE (Sales and service office), Germany

##### **Financial review**

For the year under review, the Group generated revenue of DKK 227 million as against DKK 211 million last year.

The increase in revenue is mainly from industries in the Americas region.

AGRAMKOW has continued its consolidation in the automotive industry and expects sales volume at the same level as 2015 due to the conversion of equipment for new environmentally-friendly refrigerants such as HFO1234 and CO<sub>2</sub>.

Within the appliance industry AGRAMKOW will continue to expand its market share and expand the global network of sales and service companies.

##### **Profit/loss for the year**

AGRAMKOW reported a satisfactory result in 2015 which is acceptable in relation to the year's activity

Profit for the year came in at DKK 6.7 million as against DKK 16.5 million in 2014.

Equity closed at DKK 36.3 million before the distribution of dividends, which is equivalent to a solvency ratio of 24.1%. During the year under review, exchange adjustments in respect of foreign subsidiaries had a negative impact of DKK 0.9 million on equity.

During the financial year, capitalised product development rose by DKK 1.9 million. AGRAMKOW continues to invest heavily in product development, and several interesting products are in the pipeline for 2016.

##### **Post balance sheet events**

No significant events have occurred subsequent to the financial year.

##### **Outlook**

The Company expects to report positive results for 2016 as a result of increased activity.



**Consolidated financial statements and parent company financial statements for the period 1 January - 31 December**

**Income statement**

Note	DKK'000	Group		Parent company	
		2015	2014	2015	2014
	<b>Revenue</b>	226,772	210,902	210,451	178,772
	Change in inventories of finished goods and work in progress	-1,215	3,501	-2,711	3,997
	Other operating income	3,452	1,406	1,786	1,995
	Raw materials and consumables	-107,029	-101,434	-102,027	-95,173
	Other external expenses	-34,057	-28,611	-27,237	-21,410
	<b>Gross profit</b>	87,923	85,764	80,262	68,181
2	Staff costs	-68,328	-60,728	-59,802	-50,056
3	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-5,718	-4,786	-5,639	-4,387
	<b>Operating profit</b>	13,877	20,250	14,821	13,738
	Income from investments in group entities	0	0	-5,564	5,531
4	Financial income	290	844	801	638
5	Financial expenses	-3,530	-730	-573	-545
	<b>Profit before tax</b>	10,637	20,364	9,485	19,362
6	Tax for the year	-3,911	-3,913	-2,759	-2,911
	<b>Profit for the year</b>	6,726	16,451	6,726	16,451
	<b>Proposed profit appropriation</b>				
	Proposed dividend recognised under equity			7,000	18,000
	Retained earnings/accumulated loss			-274	-1,549
				6,726	16,451

Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent company	
		2015	2014	2015	2014
	<b>ASSETS</b>				
	<b>Non-current assets</b>				
7	<b>Intangible assets</b>				
	Completed development projects	6,599	6,194	6,599	6,194
	Development projects in progress and prepayments for intangible assets	1,477	0	1,477	0
		<u>8,076</u>	<u>6,194</u>	<u>8,076</u>	<u>6,194</u>
8	<b>Property, plant and equipment</b>				
	Other fixtures and fittings, tools and equipment	2,289	2,516	1,913	2,060
	Leasehold improvements	845	637	845	637
		<u>3,134</u>	<u>3,153</u>	<u>2,758</u>	<u>2,697</u>
9	<b>Investments</b>				
	Investments in group entities, net asset value	0	0	4,080	9,746
		<u>0</u>	<u>0</u>	<u>4,080</u>	<u>9,746</u>
	<b>Total non-current assets</b>	<u>11,210</u>	<u>9,347</u>	<u>14,914</u>	<u>18,637</u>
	<b>Current assets</b>				
	<b>Inventories</b>				
	Raw materials and consumables	20,706	20,468	17,322	16,864
	Work in progress	4,626	4,477	4,626	4,477
	Finished goods and goods for resale	3,308	4,608	2,379	4,956
	Prepayments for goods	5,992	4,101	3,497	1,599
		<u>34,632</u>	<u>33,654</u>	<u>27,824</u>	<u>27,896</u>
	<b>Receivables</b>				
	Trade receivables	60,367	43,576	55,702	35,777
	Work in progress for third parties	20,536	24,438	20,536	24,438
	Receivables from group entities	4,341	5,774	19,108	16,738
	Other receivables	8,905	7,247	6,511	4,526
10	Prepayments	465	504	363	462
		<u>94,614</u>	<u>81,539</u>	<u>102,220</u>	<u>81,941</u>
	<b>Cash</b>	<u>10,499</u>	<u>13,562</u>	<u>8,676</u>	<u>9,265</u>
	<b>Total current assets</b>	<u>139,745</u>	<u>128,755</u>	<u>138,720</u>	<u>119,102</u>
	<b>TOTAL ASSETS</b>	<u>150,955</u>	<u>138,102</u>	<u>153,634</u>	<u>137,739</u>

Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent company	
		2015	2014	2015	2014
		<b>EQUITY AND LIABILITIES</b>			
		<b>Equity</b>			
11	Share capital	10,800	10,800	10,800	10,800
	Retained earnings	18,522	18,905	18,522	18,905
	Dividend proposed for the year	7,000	18,000	7,000	18,000
	<b>Total equity</b>	<b>36,322</b>	<b>47,705</b>	<b>36,322</b>	<b>47,705</b>
		<b>Provisions</b>			
12	Deferred tax	12,307	10,242	12,307	10,242
	Other provisions	2,783	2,000	2,783	2,000
13	<b>Total provisions</b>	<b>15,090</b>	<b>12,242</b>	<b>15,090</b>	<b>12,242</b>
		<b>Liabilities other than provisions</b>			
		<b>Current liabilities other than provisions</b>			
	Prepayments received from customers	989	11,586	74	11,248
	Work in progress for third parties	18,853	7,395	18,853	7,395
	Trade payables	12,775	16,840	12,432	14,040
	Payables to group entities	42,803	20,011	48,696	25,465
	Income taxes payable	1,454	2,297	1,277	1,365
	Other payables	22,669	20,026	20,890	18,279
		<b>99,543</b>	<b>78,155</b>	<b>102,222</b>	<b>77,792</b>
	<b>Total liabilities other than provisions</b>	<b>99,543</b>	<b>78,155</b>	<b>102,222</b>	<b>77,792</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>150,955</b>	<b>138,102</b>	<b>153,634</b>	<b>137,739</b>

- 1 Accounting policies
- 14 Collateral
- 15 Contractual obligations and contingencies, etc.
- 16 Related parties

**Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December**

**Statement of changes in equity**

DKK'000	Group			
	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2014	10,800	20,419	33,200	64,419
Profit/loss for the year	0	-1,549	18,000	16,451
Exchange adjustment	0	35	0	35
Dividend distributed	0	0	-33,200	-33,200
<b>Equity at 1 January 2015</b>	<b>10,800</b>	<b>18,905</b>	<b>18,000</b>	<b>47,705</b>
Profit/loss for the year	0	-274	7,000	6,726
Exchange adjustment	0	-97	0	-97
Other value adjustments of equity	0	-12	0	-12
Dividend distributed	0	0	-18,000	-18,000
<b>Equity at 31 December 2015</b>	<b>10,800</b>	<b>18,522</b>	<b>7,000</b>	<b>36,322</b>

DKK'000	Parent company			
	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2014	10,800	20,419	33,200	64,419
Profit/loss for the year	0	-1,549	18,000	16,451
Exchange adjustment	0	35	0	35
Dividend distributed	0	0	-33,200	-33,200
<b>Equity at 1 January 2015</b>	<b>10,800</b>	<b>18,905</b>	<b>18,000</b>	<b>47,705</b>
Profit/loss for the year	0	-274	7,000	6,726
Exchange adjustment	0	-97	0	-97
Other value adjustments of equity	0	-12	0	-12
Dividend distributed	0	0	-18,000	-18,000
<b>Equity at 31 December 2015</b>	<b>10,800</b>	<b>18,522</b>	<b>7,000</b>	<b>36,322</b>

**Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December**

**Cash flow statement**

Notes	DKK'000	Group	
		2015	2014
	Profit for the year	6,726	16,451
17	Adjustments	13,439	8,553
	Cash generated from operations (operating activities)	20,165	25,004
18	Changes in working capital	-8,666	-732
	Cash generated from operations (operating activities)	11,499	24,272
	Interest received, etc.	290	437
	Interest paid, etc.	-3,619	-683
	Income taxes paid	-2,689	-143
	<b>Cash flows from operating activities</b>	<b>5,481</b>	<b>23,883</b>
	Additions of intangible assets	-6,143	-5,163
	Disposals of intangible assets	0	384
	Additions of property, plant and equipment	-1,722	-2,357
	Disposals of property, plant and equipment	477	973
	<b>Cash flows from investing activities</b>	<b>-7,388</b>	<b>-6,163</b>
	Dividends distributed	-18,000	-33,200
	Proceeds of debt, group enterprises	16,844	18,000
	Repayments, finance leases	0	-254
	<b>Cash flows from financing activities</b>	<b>-1,156</b>	<b>-15,454</b>
	<b>Net cash flow</b>	<b>-3,063</b>	<b>2,266</b>
	Cash and cash equivalents at 1 January	13,562	11,296
19	<b>Cash and cash equivalents at 31 December</b>	<b>10,499</b>	<b>13,562</b>

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of AGRAMKOW Fluid Systems A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards medium-sized reporting class C enterprises.

#### Changes in accounting policies

Inventories are recognised using the weighted average method. Inventories were previously recognised using the FIFO method. In Management's opinion, the policy change entails a more true and fair view of the entity's activities and financial position.

The impact is considered immaterial, hence the comparative figures have not been restated.

The financial statements have otherwise been presented in accordance with the same accounting policies as applied last year.

#### Omission to present a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, Dürr AG.

#### Reporting currency

The financial statements are presented in Danish kroner.

#### Consolidation

The consolidated financial statements comprise the parent, AGRAMKOW Fluid Systems A/S, and entities controlled by the parent. Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power of an entity. Control may also exist by virtue of an agreement or articles of association or when the parent otherwise has a controlling interest in the subsidiary or actually exercises controlling influence over it.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether control exists.

The consolidated entities' financial statements are prepared in accordance with the accounting policies applied by the parent. The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by adding together like items. Intra-group income, expenses, gains, losses, investments, dividends and balances are eliminated. Investments in consolidated entities are set off by the parent's proportionate share of the consolidated entity's fair value of assets and liabilities at the time of acquisition.

Recently acquired or sold subsidiaries are recognised in the consolidated income statement for the period in which the parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

The purchase method of accounting is applied to the acquisition of subsidiaries. The cost is made up at the net present value of the consideration agreed plus directly attributable expenses. Conditional payments are recognised at the amount expected to be paid. Identifiable assets and liabilities in the acquired entities are recognised at the fair value at the time of acquisition. Provisions for restructuring expenses relating to the acquired entity are recognised if the restructuring has been decided at the time of acquisition. Allowance is made for the tax effect of revaluations of assets and liabilities. Any residual difference between the cost and the group's share of the fair value of the identifiable assets and liabilities is recognised as goodwill or negative goodwill.

Entities over which the group exercises significant influence are considered associates. Significant influence is presumed to exist when the group directly or indirectly holds between 20% and 50% of the voting rights or otherwise has or actually exercises significant influence. Associates are recognised in the consolidated financial statements at their net asset value.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

##### Foreign group entities

Foreign subsidiaries and associates are considered separate enterprises. Items in such enterprises' income statements are translated at the average exchange rates for the month, and their balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of such enterprises at the exchange rates at the balance sheet date and on translation of the income statements from the average exchange rates at the transaction date to closing.

##### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

##### Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

Income from the sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Income from construction contracts where the purchaser has significantly influenced the construction of the asset is recognised as revenue as the production activities are carried on, implying that revenue corresponds to the market value of the contract work performed (production method). This method is used where the total income and expenses and the degree of completion of the contract can be made up reliably.

Where the income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

###### Other operating income

Other operating income comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

###### Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

###### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

###### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

###### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

###### Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.



## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Completed development projects	3-5 years
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The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Leasehold improvements	5 years
Other fixtures and fittings, tools and equipment	3-6 years

#### Income from investments in group entities

The item includes the entity's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

#### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

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

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

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining term of the patent, and licences are amortised over the term of the licence.

Gains and losses on the sale of intangible assets are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating costs.

##### Investments in group entities

On initial recognition, investments in subsidiaries and associates are measured at cost and subsequently at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies less or plus any residual value of positive or negative goodwill determined in accordance with the acquisition method. Subsidiaries and associates with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the enterprise's deficit. Net revaluations of investments in subsidiaries and associates are transferred to the net revaluation reserve according to the equity method in so far as the carrying amount exceeds the acquisition cost.

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised up to the date of disposal.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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

#### Impairment of fixed assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there are indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

#### Inventories

Inventories are measured at cost in accordance with the weighted average method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

#### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

#### Work in progress for third parties

Ongoing service supplies and work in progress for third parties are measured at the market value of the work performed less advances received. The market value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected, total expenses on each individual work in progress.

Where the outcome of contract work in progress cannot be made up reliably, the market value is measured at the costs incurred in so far as they are expected to be paid by the purchaser.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under 'Provisions' and is expensed in the income statement.

The value of each contract in progress less prepayments is classified as assets when the market value exceeds prepayments and as liabilities when prepayments exceeds the market value.

#### **Prepayments**

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

#### **Equity**

##### ***Proposed dividends***

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

##### ***Reserve for net revaluation according to the equity method***

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

#### **Provisions**

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc. Provisions are recognised when the company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation concerned is expected to be settled far into the future.

Guarantee commitments comprise expected cost of repairs within the guarantee period and are recognised based on previous experience with work performed under guarantees.

#### **Corporation tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets} \times 100}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December

Notes to the financial statements

	Group		Parent company	
	2015	2014	2015	2014
DKK'000				
<b>2 Staff costs</b>				
Wages/salaries	62,228	55,104	54,315	45,191
Pensions	3,479	3,018	3,479	3,018
Other social security costs	847	667	847	667
Other staff costs	1,774	1,939	1,161	1,180
	<u>68,328</u>	<u>60,728</u>	<u>59,802</u>	<u>50,056</u>
Average number of full-time employees	<u>137</u>	<u>131</u>	<u>117</u>	<u>106</u>
Remuneration to members of management:				
Executive board	1,766	2,263	1,766	2,263
Board of Directors	50	115	50	115
	<u>1,816</u>	<u>2,378</u>	<u>1,816</u>	<u>2,378</u>
	Group		Parent company	
	2015	2014	2015	2014
<b>3 Amortisation/depreciation and impairment of intangible assets and property, plant and equipment</b>				
Amortisation of intangible assets	4,475	3,125	4,475	3,125
Depreciation of property, plant and equipment	1,243	1,661	1,164	1,262
	<u>5,718</u>	<u>4,786</u>	<u>5,639</u>	<u>4,387</u>
<b>4 Financial income</b>				
Other interest income	290	437	290	437
Exchange adjustments	0	407	511	201
	<u>290</u>	<u>844</u>	<u>801</u>	<u>638</u>
<b>5 Financial expenses</b>				
Interest expenses, group entities	98	47	98	47
Other interest expenses	750	683	475	498
Exchange adjustments	2,682	0	0	0
	<u>3,530</u>	<u>730</u>	<u>573</u>	<u>545</u>

**Consolidated financial statements and parent company financial statements for the period 1 January - 31 December**

**Notes to the financial statements**

	Group		Parent company	
	2015	2014	2015	2014
DKK'000				
<b>6 Tax for the year</b>				
Estimated tax charge for the year	1,847	3,133	695	2,131
Deferred tax adjustments in the year	2,064	780	2,064	780
	<u>3,911</u>	<u>3,913</u>	<u>2,759</u>	<u>2,911</u>

Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK'000	Group		
	Completed development projects	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2015	51,829	0	51,829
Additions in the year	4,666	1,477	6,143
Disposals in the year	-1	0	-1
Transfer from other accounts	1,407	0	1,407
Cost at 31 December 2015	57,901	1,477	59,378
Impairment losses and amortisation at 1 January 2015	45,635	0	45,635
Amortisation/depreciation in the year	4,475	0	4,475
Transferred	1,192	0	1,192
Impairment losses and amortisation at 31 December 2015	51,302	0	51,302
<b>Carrying amount at 31 December 2015</b>	<b>6,599</b>	<b>1,477</b>	<b>8,076</b>
Amortised over	3-5 years		
DKK'000	Parent company		
	Completed development projects	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2015	51,829	0	51,829
Additions in the year	4,666	1,477	6,143
Disposals in the year	-1	0	-1
Transfer from other accounts	1,407	0	1,407
Cost at 31 December 2015	57,901	1,477	59,378
Impairment losses and amortisation at 1 January 2015	45,635	0	45,635
Amortisation/depreciation in the year	4,475	0	4,475
Transferred	1,192	0	1,192
Impairment losses and amortisation at 31 December 2015	51,302	0	51,302
<b>Carrying amount at 31 December 2015</b>	<b>6,599</b>	<b>1,477</b>	<b>8,076</b>
Amortised over	3-5 years		



Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December

Notes to the financial statements

8 Property, plant and equipment

DKK'000	Group		
	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2015	22,286	975	23,261
Exchange adjustment	-104	0	-104
Additions in the year	1,267	455	1,722
Disposals in the year	-1,029	0	-1,029
Transfer from other accounts	-1,407	0	-1,407
Cost at 31 December 2015	21,013	1,430	22,443
Impairment losses and depreciation at 1 January 2015	19,770	338	20,108
Exchange adjustment	-15	0	-15
Amortisation/depreciation in the year	996	247	1,243
Reversal of amortisation/depreciation and impairment of disposals	-835	0	-835
Transferred	-1,192	0	-1,192
Impairment losses and depreciation at 31 December 2015	18,724	585	19,309
Carrying amount at 31 December 2015	2,289	845	3,134
Amortised over	3-6 years	5 years	
	Parent company		
DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2015	19,303	853	20,156
Additions in the year	1,124	455	1,579
Disposals in the year	-188	0	-188
Transfer from other accounts	-1,407	0	-1,407
Cost at 31 December 2015	18,832	1,308	20,140
Impairment losses and depreciation at 1 January 2015	17,243	216	17,459
Amortisation/depreciation in the year	917	247	1,164
Reversal of amortisation/depreciation and impairment of disposals	-49	0	-49
Transferred	-1,192	0	-1,192
Impairment losses and depreciation at 31 December 2015	16,919	463	17,382
Carrying amount at 31 December 2015	1,913	845	2,758
Amortised over	3-6 years	5 years	

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 9 Investments

DKK'000	<u>Parent company</u> <u>Investments in</u> <u>group entities,</u> <u>net asset value</u>
Cost at 1 January 2015	21,594
Disposals in the year	-328
Cost at 31 December 2015	<u>21,266</u>
Value adjustments at 1 January 2015	-11,848
Exchange adjustment	-97
Share of the profit/loss for the year	-5,564
Reversal of prior year revaluations	-2,419
Transferred	<u>2,742</u>
Value adjustments at 31 December 2015	<u>-17,186</u>
<b>Carrying amount at 31 December 2015</b>	<b><u>4,080</u></b>

Of the total carrying amount, negative net assets in associates, DKK 2,742 thousand, have been set off against receivables.

	<u>Legal form</u>	<u>Domicile</u>	<u>Interest</u>
<b>Subsidiaries</b>			
AGRAMKOW Asia Pacific Pte	Ltd.	Singapore	100.00 %
AGRAMKOW do Brasil Ltda	Ltda	Brazil	100.00 %

#### 10 Prepayments

##### Group

Prepayments include accrual of expenses relating to subsequent financial years, including rent DKK 135 thousand, insurance policies DKK 11 thousand, software DKK 177 thousand and other prepaid expenses DKK 142 thousand.

##### Parent company

Prepayments include accrual of expenses relating to subsequent financial years, including rent DKK 135 thousand, insurance policies DKK 11 thousand, software DKK 177 thousand and other prepaid expenses DKK 40 thousand.

**Consolidated financial statements and parent company financial statements for the period 1 January - 31 December**

**Notes to the financial statements**

DKK'000	Parent company	
	2015	2014
<b>11 Share capital</b>		
The share capital consists of the following:		
5,940,000 A- shares of DKK 1.00 each	5,940	5,940
4,860,000 B- shares of DKK 1.00 each	4,860	4,860
	<u>10,800</u>	<u>10,800</u>

The parent's share capital has remained DKK 10,800 thousand over the past 5 years.

**12 Deferred tax**

Deferred tax relates to:

DKK'000	Group		Parent company	
	2015	2014	2015	2014
Intangible assets	-1,032	-1,455	-1,032	-1,455
Property, plant and equipment	-516	227	-516	227
Receivables	-10,759	-9,633	-10,759	-9,633
Provisions	0	1	0	1
Tax loss	0	619	0	619
	<u>-12,307</u>	<u>-10,241</u>	<u>-12,307</u>	<u>-10,241</u>

**13 Provisions**

**Group**

Other provisions comprise provisions for warranty commitments, totalling DKK 2,783 thousand.

**Parent company**

Other provisions comprise provisions for warranty commitments, totalling DKK 2,783 thousand.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 14 Collateral

##### Group

The Company is liable for consolidated bank loans of DKK 0 thousand. Of this amount, the liability in respect of subsidiaries represents DKK 0 thousand with surety of DKK 1,733 thousand.

The Group's bankers have issued performance and payment bonds totalling DKK 31,830 thousand.

##### Parent company

The Company is liable for consolidated bank loans of DKK 0 thousand. Of this amount, the liability in respect of subsidiaries represents DKK 0 thousand with surety of DKK 1,733 thousand.

The Group's bankers have issued performance and payment bonds totalling DKK 31,830 thousand.

#### 15 Contractual obligations and contingencies, etc.

##### Other financial obligations

Other rent and lease liabilities:

DKK'000	Group		Parent company	
	2015	2014	2015	2014
Rent and lease liabilities	13,051	8,966	12,057	7,780

##### Group

Rent and lease liabilities include a rent obligation totalling DKK 10,671 thousand in interminable rent agreements with remaining contract terms of 3-5 years. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 2,380 thousand, with remaining contract terms of maximum 5 years.

##### Parent company

The Company is jointly taxed with its parent, Carl Schenck Denmark ApS, which acts as management company, and other Danish group entities. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes for the income years 2013 and withholding taxes falling due for payment on or after 1 July 2012 in the group of jointly taxed entities.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 16 Related parties

##### Group

AGRAMKOW Fluid Systems A/S' related parties comprise the following:

##### Related party transactions not carried through on normal market terms

There are no related party transactions that have not been carried through on normal market terms.

##### Parent company

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Parent Carl Schenck Denmark ApS	Sønderborg, Denmark	Participating interest
Parent Dürr AG	Bietigheim-Bissingen, Germany	Ultimate parent

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent's consolidated financial statements</u>
Dürr AG	Bietigheim-Bissingen, Germany	www.durr.com

##### Related party transactions not carried through on normal market terms

There are no related party transactions that have not been carried through on normal market terms.

##### Information about remuneration to management

Information about remuneration to management appears from note 2, 'Staff costs'

##### Ownership

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

<u>Name</u>	<u>Domicile</u>
Carl Schenck Denmark ApS	Sønderborg, Denmark

**Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December**

**Notes to the financial statements**

DKK'000	Group	
	2015	2014
<b>17 Adjustments</b>		
Amortisation/depreciation and impairment losses	5,718	4,786
Gain/loss on the sale of fixed assets	-283	-463
Provisions	783	0
Financial income	-290	-844
Financial expenses	3,530	730
Tax for the year	3,911	3,913
Other adjustments	70	431
	<u>13,439</u>	<u>8,553</u>
<b>18 Changes in working capital</b>		
Change in inventories	-978	-5,094
Change in receivables	-13,075	-2,165
Change in prepayments and trade and other payables	5,387	6,527
	<u>-8,666</u>	<u>-732</u>
<b>19 Cash and cash equivalents at year end</b>		
Cash and cash equivalents according to the balance sheet	10,499	13,562
	<u>10,499</u>	<u>13,562</u>