

BEUMER Group A/S
Central Business Registration No
12655681
P.O. Pedersens Vej 10
DK-8200 Aarhus N

Annual report 2015

The Annual General Meeting adopted the annual report on 31.05.2016

Chairman of the General Meeting

Name: Mads Bach Christensen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Accounting policies	14
Income statement for 2015	22
Balance sheet at 31.12.2015	23
Statement of changes in equity for 2015	26
Notes	27

Entity details

Entity

BEUMER Group A/S
P.O. Pedersens Vej 10
DK-8200 Aarhus N

Central Business Registration No: 12655681

Registered in: Aarhus, Denmark

Financial year: 01.01.2015 - 31.12.2015

Phone: +4587414141

Fax: +4587414187

Supervisory Board

Dr. Christoph Beumer, Chairman

Ranjit Singh Bhabra

Norbert Hufnagel

Palle L. Thomsen

Bjarne D. Johansen

Executive Board

Klaus Schäfer

Mads Bach Christensen

Finn Henry Laugesen

Henrik Kaj Mortensen

Peter Sendal From

Stephan Jan Pieter Heessels

Bank

Nordea

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Supervisory Board and the Executive Board have today considered and approved the annual report of BEUMER Group 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 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.

Aarhus, 31.05.2016

Executive Board

Klaus Schäfer

Mads Bach Christensen

Finn Henry Laugesen

Henrik Kaj Mortensen

Peter Sendal From

Stephan Jan Pieter Heessels

Supervisory Board

Dr. Christoph Beumer
Chairman

Ranjit Singh Bhabra

Norbert Hufnagel

Palle L. Thomsen

Bjarne D. Johansen

Independent auditor's reports

To the owners of BEUMER Group A/S

Report on the financial statements

We have audited the financial statements of BEUMER Group A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 qualified opinion.

Qualification

Basis for qualified opinion

The Company's subsidiary in the UK has recognised expected revenue and related receivable from a project customer relating to a pending claim. It is our assessment that the criteria for recognition of revenue and receivable amounting to DKK 8m have not yet been met in the subsidiary. On recognition of the investment in the group enterprise, BEUMER Group A/S has not made an adjustment for this matter.

Based on the circumstances concerning the above claim and relating recognition of the subsidiary in the UK, we are therefore of the opinion that Investments in group enterprises are overvalued and that Income from investments in group enterprises as well as Equity are overvalued by DKK 8m, in which respect we qualify our opinion.

Qualified opinion

In our opinion, except for the effects of the qualification described in Basis for qualified opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

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.

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

Aarhus, 31.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Henrik Vedel

State Authorised Public Accountant

Henrik Buch

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					
Revenue	1,461,728	1,469,232	1,298,330	1,081,650	1,137,266
Gross profit/loss	207,971	212,963	205,746	175,445	176,439
Operating profit/loss	20,473	35,057	17,670	24,519	27,414
Net financials	32,584	22,809	22,884	35,940	24,031
Profit/loss for the year	48,695	49,461	33,229	34,390	33,241
Total assets	1,068,840	1,053,075	1,010,506	957,323	953,900
Investments in property, plant and equipment	10,111	7,924	35,160	50,278	19,661
Equity	321,386	275,063	311,991	273,863	218,542
Ratios					
Return on equity (%)	16.3	16.9	11.3	14.0	15.2
Solvency ratio (%)	30.1	26.1	30.9	28.6	22.9

Management commentary

Primary activities

As in earlier years, the Company's primary activities have consisted of development, production, project sale, project implementation and subsequent service of system solutions for automated material-handling systems.

Development in activities and finances

The Company's income statement for 1 January to 31 December 2015 shows a profit of DKK 48.7m, and the Company's equity at 31 December 2015 amounts to DKK 321.4m.

During 2015 the Company reached a settlement with a former subsupplier in an arbitration case. The settlement and related matters have had a negative impact of approx. DKK 7.1m on profit for the year before tax.

The Danish tax authorities have during 2015 proposed a significant increase of the taxable income for a previous financial year. The proposed increase did relate to intragroup transactions. In December 2015 the tax authorities have waived the proposed increase of the taxable income.

The Company's financial performance and financial development was overall as expected. The operating profit amounted to DKK 20.5m, and the Company's financial performance including profits/losses from investments in group enterprises and associates was satisfactory, showing a profit of DKK 48.7m.

Uncertainty relating to recognition and measurement

The Company is involved in a number of large projects, whose final outcome may influence the Company's results. The uncertainty is assessed according to the circumstances known until now and is expected to be reflected in the profit/loss for the year.

Outlook

For the financial year 2016, the Company expects revenue in the range of DKK 1.5 – 1.7bn, as well as a positive profit including investments in group enterprises and associates.

Particular risks

Many of the Company's projects are very large and carried out almost all over the world. When at the same time new technology is implemented, this may be subject to risks. The risks, however, are not considered unusual within the business in which the Company operates.

Intellectual capital resources

The Company is project-oriented, which places great demands on the intellectual capital resources of our employees and our business procedures. In order to continuously maintain and train the intellectual capital resources of our employees within our core competences, we successively provide resources to carry out our

Management commentary

own project training courses which a large number of our employees have completed. It is also the target to have a significant part of the project managers certified according to the PMI standard.

Our business procedures are primarily based on a phased project control model. This model is continuously adjusted to the requirements of the Company and the customers.

Every second year, an employee satisfaction survey is being conducted. The results of the survey found the basis for improvement programs – both on department level and company level.

Research and development activities

In the financial year, the Company has incurred development costs in the range of DKK 51.1m. Of this amount DKK 39.6m is included in the item “Research and Development costs”, which is not found to meet the criteria of capitalising development costs. Moreover, development costs have been capitalised amounting to DKK 11.5m.

Foreign branches

The Company has foreign branches, of which the two most important are in Singapore and Qatar. As the Company is working on projects locally around the world, Management is aware of the rules governing permanent establishments. The Company supervises the projects, and if the Company qualifies for applying the rules, Management will see to it that the Company is registered with a permanent establishment.

Corporate social responsibility

BEUMER Group A/S works in different areas with corporate social, environmental and ethical responsibilities. BEUMER Group A/S has structured its work with CSR according to the 10 Principles of the United Nations Global Compact.

Corporate social responsibility policies

Ethics in the business

Integrity and Ethics are core values for BEUMER Group A/S, which are also defined in our Strategic Overview and Corporate Identity.

Since 2012 BEUMER Group has been awarded holder of "Ethics in business". The idea behind "Ethics in Business" is to award medium-sized companies that decidedly and actively assume their corporate social responsibility. The initiative is supported academically by Director of the Institute for Business Ethics at the University of St. Gallen. A team of experts evaluates extraordinary achievements in the field of corporate responsibility. Medium-sized companies, which attach particular importance to ethical business practices are granted the award and can carry the title for three years.

Management commentary

Health & safety, labour standards and human rights

BEUMER Group A/S's Health and Safety Management system is certified according to OHSAS 18001. The Health and Safety Policy is available at the website www.BEUMERgroup.com.

BEUMER Group A/S recognizes the right to form and to join trade unions for the protection of his/hers interests.

BEUMER Group A/S supports the United Nations Universal Declaration of Human Rights which upholds the effective abolition of child labour. The Company's policy also includes the elimination of discrimination with respect to employment and occupation. This also includes working hours, salary and benefits.

Environment and climate

BEUMER Group A/S's Environmental Management System is certified according to ISO 14001. The environmental policy is available at the website www.BEUMERgroup.com.

Besides the comprehensive existing system for managing and auditing environmental impacts, BEUMER Group A/S is constantly improving our own production methods, delivery of goods to sites and operation of sortation systems at our customers, with focus on environmental impacts and resource reduction. BEUMER Group A/S's policy is to be active in the development of sustainable technologies. Sustainability is one of the key factors for customers to select BEUMER Group as preferred supplier.

BEUMER Group A/S experiences increasing customer requirements and interest in health, safety and environment.

Responsible supply chain management

BEUMER Group A/S's Quality Management System is certified according to ISO 9001. The Quality Policy, Purchasing Conditions and Terms of Delivery are available at the website www.BEUMERgroup.com.

BEUMER Group A/S suppliers must be approved and are asked to sign "Purchasing Conditions and Terms of Delivery" which include a commitment to comply with the 10 Principles of UN Global Compact, with an accident-free working culture supported by meeting or exceeding applicable health safety and environment legislation.

BEUMER Group A/S is increasing its business activities in emerging markets and conducting audit activities of the suppliers. If business conditions in a country are of special concern, the suppliers are audited with focus on the 10 Principles of the UN Global Compact.

Management commentary

Translate policies into action

Ethics in business

Agreements with both customers and suppliers include the 10 principles of the UN Global Compact. To ensure the right level of competences key persons are trained, especially in the customers and suppliers facing divisions e.g. procurement, quality, sales and regional offices, with focus on sales activities including ethics (anti-corruption and anti-bribery).

Health & safety, labour standards and human rights

BEUMER Group A/S reviews all applicable laws and regulations, at least twice a year (monitoring programme), to secure that BEUMER Group A/S, at all times, lives up to relevant laws and regulations. The Head of QHSE reports to the CEO and his Divisional Directors on any trends and relevant laws and regulations that will have influence on BEUMER Group A/S's health and safety performance.

BEUMER Group A/S has a Working Environment Organisation covering all organizational units divided in groups with participants of appointed managers and elected working environment representatives.

The CEO is the owner of the Working Environment Organisation (WEO) and the Head of QHSE as chairman of this organization conducts work place assessments. This includes monitoring physical and psychological working conditions; including offensive and discriminating behavior also part of the 10 Principles. Improvements are implemented based on action plans in agreement with the Divisional Directors and WEO.

Based on risk assessments, recurrent safety roundings are conducted in the production area and on installation sites with focus on health and safety, e.g. working methods/ergonomics, internal transport, chemicals, emergency preparedness, waste handling and safety of machinery.

Special Health Safety and Environment training programs are arranged for engineers, supervisors, suppliers and customers on sites. The target is to protect all from accidents and ensure the awareness of detecting near-misses to avoid accidents to occur.

BEUMER performs internal audits that include follow up on health, safety and labour standards.

Certification body Bureau Veritas performs health and safety audits at BEUMER Group A/S twice a year. With reference to Labour as one of the 10 Principles, different trade unions are involved in salary negotiations, working hours and conditions for employees. Agreements are documented and signed by Divisional Directors and trade union representatives.

Environment and climate

We review all applicable laws and regulations, at least twice a year (QHSE monitoring program), to secure that BEUMER Group A/S, at all times, comply with relevant laws and regulations. The Head of QHSE reports to

Management commentary

the Divisional Directors and the Working Environment Organisation about any trends and relevant laws and regulations that will have influence on BEUMER Group A/S's environmental performance (also H&S). Procedures are updated accordingly.

Sortation systems are equipped with an energy-efficient linear synchronous motor technology that reduces the overall PLCC (product life cycle cost) substantially without sacrificing speed, capacity, and reliability.

New products and technologies carrying BEUMER Group A/S Group's "made different" seal are characterized by their sustainability based on their economic, environmental and social performance as measured by the BEUMER Group A/S Sustainability Index (BSI). Each of the three areas is evaluated in five categories, e.g. energy consumption during production and operation, consumption of raw materials, packaging, waste, emissions, customers health and safety benefits.

BEUMER Group A/S performs internal audits that include follow up on environment standards. Certification body Bureau Veritas performs environmental audits at BEUMER Group A/S twice a year.

Responsible supply chain management

BEUMER Group A/S primarily cooperates with suppliers in Europe and with BEUMER Group's own production sites in Germany and China all in compliance with ISO 9001, OHSAS 18001 and ISO 14001.

Significant suppliers are subject to audit on quality, health, safety and environmental performance.

Assessment of results achieved

Ethics in business

In 2013, a culture project was initiated with focus on ethics, morals and behavior including definition of improvements. BEUMER Group A/S continues to work with the cultural perspectives in the management group, facilitated by the Director of HR.

In continuation of the internal training of the 10 Principles to key functions like sales etc. the training program of new employees on QHSE topics will include ethics in business in BEUMER Group in 2016.

Health & safety, labour standards and human rights

Due to OHSAS 18001 certification and positive working environment results, BEUMER Group A/S has since 2009 been awarded the highest attainable standard of excellence for health and safety in Denmark (a smiley with a crown) by the Danish Working Environment Authority. The smiley with a crown is still effective.

In 2015 projects to reduce noise and improve the indoor environment have been completed, and health and safety trainings of employees have been conducted.

Management commentary

In 2016 all employees will be offered a health check and emergency preparedness will be updated and improved.

The above mentioned actions have resulted in no deviations regarding Labour Standards during 2015.

BEUMER Group A/S has a well implemented procedure for handling accidents and near-misses. In 2015 there were 4 working accidents with absence (123 lost work days), which were above the average. 99 of the 123 lost workdays in 2015 refer to an accident 21 November 2014 (Thumb dislocated during assembly). Severity of the accidents is divided into the 4 categories: Minor, Reversible, Irreversible and Catastrophic. The accidents have been minor or reversible.

To increase the number of near-miss reporting the Head of QHSE has set up targets for 2016 (index 1.5) and 2017 (index 1.5-2.0).

Environment and climate

BEUMER Group A/S Health, Safety & Environment Report 2015 (internal report) shows that we have continued focus on reducing environmental impacts, and results clearly show a reduction of, for example, CO₂ emissions. We have no outstanding issues with the authorities or other stakeholders. New LS-4000 products have set new standards for energy and CO₂ efficiency. The LS-4000E, LS-4000CB and LS-4000econ sorters are equipped with energy-efficient linear synchronous motors.

The new CrisBag® generation is equipped with energy-efficient drive motors and new totes made of 100% recyclable plastic materials. The reduced weight of the new totes results in lower energy consumption during operation.

The new baggage storage system CrisStore® is equipped with an energy-saving operation programme.

In 2015, 3 charging stations were established for environmentally friendly electric vehicles at the parking area.

Note: In Denmark 47% of electricity is produced by regeneratived energy (wind, water, sun).

R&D has focus on implementing environmentally friendly technologies into our product range.

In 2015 the Shipping KPI "Container Utilization" was defined with a target of 60%. Container utilization has also a directly positive effect on the CO₂ footprint caused on delivery of goods to sites.

In 2016 a new environmental KPI and target regarding CO₂ footprint caused by the delivery of goods to sites will be defined.

The Environmental Management System secures that all these actions are controlled and documented.

Management commentary

Responsible supply chain management

In 2015 all new suppliers agreed on the BEUMER Group A/S's purchase conditions, 10 external supplier audits have been conducted, including 55 non-conformities raised and 22 improvements suggested with focus on quality, health, safety and environment.

Diversity in management

At BEUMER Group A/S, board and management appointments are made on merit, with the best qualified person getting the job. We believe this will strengthen the dynamics and development of a company and emphasize the position of a modern and visionary company.

BEUMER Group A/S strives to recruit candidates with the highest leadership qualifications and embraces diversity. The current distribution of gender is not in line with what can be expected from a company our size. Subsequently, BEUMER Group A/S will focus on strengthening the efforts to balance the gender equality and the goal is to increase gender equality on the board and in management.

BEUMER Group A/S will always as a minimum aim at having one woman among candidates for middle and senior management positions, and BEUMER Group A/S will increasingly strengthen the efforts to spot, recruit and develop female candidates with necessary professional and personal qualifications and values to develop into excellent managers.

The following targets have been determined

- In 2017 a minimum of 20% of middle and senior management positions will be held by women
- In 2022 a minimum of 25% of middle and senior management positions will be held by women
- In 2017 and onwards a minimum of 25% of the board members will be women.

Women on the board and in management	Base 2015	Target 2017	Target 2022
Middle and senior management positions	14%	20%	25%
Board	0%	25%	25%

There have been no women on the board in 2015. On the middle and senior management level the policy has not resulted in significant achievements in 2015.

In 2016 election will be held for the supervisory board with female candidate.

Management commentary

Events after the balance sheet date

The Company has changed name from Crisplant a/s to BEUMER Group A/S with effect from 1 May 2016. The change of name is part of a further integrating of the company into the BEUMER Group. The Crisplant name will be kept as a product brand.

Apart from the above matter, no events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

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

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Changes in accounting policies

The Company has changed the accounting policies for measurement of inventory, to be measured at weighted average prices instead of FIFO. The change in accounting policies is caused by the accounting system and process in the Company. The Company uses weighted average prices when calculating projects and therefore it would be more fair that this is also reflected in the financial statements. The change in accounting policies does only have an immaterial effect on the financial statement for 2014 and 2015.

Additionally, the company has restated individual comparative figures for 2014, which, however, have not affected net profit, equity or total assets in 2014.

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 into Danish kroner applying the exchange rate at the transaction date.

Accounting policies

Monetary assets and liabilities in foreign currencies are translated into Danish kroner applying the exchange rates at the balance sheet date. Realised and unrealized foreign exchange gains and losses are included in the income statement under financial income and expenses.

Foreign subsidiaries

Integrated foreign entities are translated according to the following principles:

The items of the income statement are translated at the exchange rate at the transaction date, except for items deriving from non-monetary assets. These are translated using the historical rate applicable to the relevant non-monetary asset or liability. Monetary balance sheet items are translated using the exchange rates at the balance sheet date. Non-monetary balance sheet items are translated at the exchange rate at the time of acquisition or a later time of revaluation. All exchange rate adjustments are recognised in the income statement.

All foreign subsidiaries are integrated companies.

Derivative financial instruments

The Company enters into forward exchange contracts to hedge all material sales and purchase obligations incurred in foreign currencies. The purpose is to protect the Company's net cash flows in foreign currencies from the effect of unfavourable exchange rate fluctuations.

Unrealised profits or losses from such forward exchange transactions, as far as balance sheet items at the balance sheet date are concerned, have been recognised in the income statement together with adjustment of the underlying asset/liability.

Exchange adjustments of financial instruments entered into to hedge the expected future cash flows are recognised in equity until the transaction hedged is carried through. If the transaction results in an asset or a liability, the accumulated exchange adjustment will be recognised in cost of the asset or liability, and if the transaction results in income or expenses, the accumulated exchange adjustment will be recognised in the income statement together with the item hedged.

Exchange adjustments to fair value of financial instruments that do not comply with the requirements for being treated as hedging instruments are recognised in the income statement under financial income/expenses.

Income statement

Revenue

Revenue covers invoiced work with the addition of changes in the value of contract work in progress valued according to the percentage-of-completion method.

Accounting policies

As the percentage-of-completion method is used for revenue recognition, the individually manufactured components which are comprised by the contract concluded are valued at market value.

Production costs

Productions costs comprises direct and indirect costs incurred to realise the revenue for the year. Also included are direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, share of HR and IT costs, share of building costs as well as depreciation of production plant.

Research and development costs

Research and development costs includes costs that do not meet the criteria for capitalisation as well as amortisation and impairment losses of development costs capitalised.

Distribution costs

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

Administrative expenses

Administrative expenses include costs incurred during the year for the management and administration of the Company, including costs for the administrative staff, management, office premises and office expenses as well as depreciation. Furthermore, provision for bad debt is recognised.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment losses cover depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment.

Intangible assets are amortised on a straight-line basis over the estimated useful life based on the following assessment of the useful lives:

Software	5 years
Development projects	4 years

Property, plant and equipment are depreciated on a straight-line basis on the basis of the following estimated useful lives:

Buildings	50 years
Plant and machinery	2-10 years
Other fixtures and fittings, tools and equipment	2-10 years
Leasehold improvements	2-10 years

Accounting policies

Profits or losses from the disposal of the property, plant and equipment are recognised in the income statement under depreciation.

Intangible assets and property, plant and equipment are amortised and depreciated to the extent the carrying amount exceeds the higher amount of the value in use and the net selling price. Assessment of this is made on individual assets, and if this is not possible, on the smallest group of assets where a value in use can be determined.

Other operating income

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

Income from investments in group enterprises

The Company's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and minus or plus amortisation of positive, or negative, goodwill is recognised in the income statement.

Other financial income

Financial income are recognised in the income statement by the amounts attributable to this financial year. These items comprise interest income and realised and unrealised capital gains on securities regarding transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses and realised and unrealised capital gains on securities regarding transactions in foreign currencies.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

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

Balance sheet

Intellectual property rights etc

Intangible fixed assets are measured at cost less accumulated amortisation and impairment losses.

Intangible assets are written down to the lower of recoverable amount and carrying amount. Impairment tests are made annually of each asset and group of assets, respectively.

Accounting policies

Development projects

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

Clearly defined and identifiable development projects, for which the technical rate of utilisation, adequate resources and a potential future market or a development possibility in the enterprise can be established, and where the intention is to manufacture, market or apply the project, are recognised as intangible assets provided costs can be calculated reliably and sufficient certainty exists that future earnings can cover manufacturing costs, sales expenses, administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Capitalised development costs are measured at the lower of cost less accumulated amortisation and recoverable amount.

Upon completion of the development work, development costs are amortised straight-line over the estimated useful life. The amortisation period does not exceed four years.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment.

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

The cost of self-constructed property, plant and equipment comprises payroll costs and costs of materials etc directly incurred for the production as well as a portion of the production costs which are indirectly attributable to this.

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

Investments in group enterprises

Investments in group enterprises are measured according to the equity method at the pro rata ownership share of the enterprises' equity calculated by applying the accounting policies of the Parent plus consolidated goodwill and less unrealized intercompany profits and negative 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

Accounting policies

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.

Furthermore, badwill (negative goodwill on consolidation) is included separately as deferred income in the balance sheet.

Badwill (negative goodwill) is recognised in the income statement as the matters on which the differential value is based are being realised, however not exceeding five years.

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

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

Receivables

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

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.

Inventories

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

Work in progress and finished products are recognised at costs of materials and production wages directly incurred as well as a pro rata share of the indirect production costs incurred.

Obsolete inventories have been written down where necessary.

Accounting policies

Contract work in progress

When measuring contract work in progress, a calculated profit has been added based on the stage of completion of the work. The profit has been calculated based on the project accounts.

Contract work in progress also includes manufactured standard components which are comprised by the contracts made.

On account invoices relating to the work carried out on contracts have been set off against the item contract work in progress.

Deductions for losses are calculated as the total expected loss on the enterprise irrespective of the share actually carried out.

The value of the individual supplies less invoices on account is classified as receivables if the amounts are positive and as payables if the amounts are negative.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Other provisions

Provisions comprise anticipated costs of guarantee commitments, pension obligations, other provisions, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date, and it is probable that financial resources must be consumed to settle the obligation.

Provisions which are expected to be settled later than one year after the balance sheet date are measured at fair value of the expected payments. Other provisions are measured at net realisable value.

Operating leases

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

Accounting policies

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 projects, when the payment exceed the booked value of the project.

Income tax receivable or payable

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

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.

Financial highlights

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

Ratios	Calculation formula	Ratios reflect
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.
Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.

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Income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Revenue	1	1,461,728	1,469,232
Production costs		<u>(1,253,757)</u>	<u>(1,256,269)</u>
Gross profit/loss		207,971	212,963
Research and development costs		(39,625)	(42,848)
Distribution costs		(79,315)	(71,176)
Administrative costs	2	(68,558)	(64,161)
Other operating income		<u>0</u>	<u>279</u>
Operating profit/loss		20,473	35,057
Income from investments in group enterprises		38,584	23,876
Other financial income	4	6,323	7,367
Other financial expenses	5	<u>(12,323)</u>	<u>(8,434)</u>
Profit/loss from ordinary activities before tax		53,057	57,866
Tax on profit/loss from ordinary activities	6	<u>(4,362)</u>	<u>(8,405)</u>
Profit/loss for the year		<u>48,695</u>	<u>49,461</u>
Proposed distribution of profit/loss			
Dividend for the financial year		30,000	15,000
Reserve for net revaluation according to the equity method		2,862	25,627
Retained earnings		<u>15,833</u>	<u>8,834</u>
		<u>48,695</u>	<u>49,461</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Completed development projects		33,699	45,918
Development projects in progress		<u>20,025</u>	<u>11,187</u>
Intangible assets	7	<u>53,724</u>	<u>57,105</u>
Land and buildings		12,839	13,427
Plant and machinery		19,544	24,453
Other fixtures and fittings, tools and equipment		10,376	8,836
Leasehold improvements		16,865	16,608
Property, plant and equipment in progress		<u>1,725</u>	<u>2,118</u>
Property, plant and equipment	8	<u>61,349</u>	<u>65,442</u>
Investments in group enterprises		158,799	154,968
Receivables from group enterprises		44,872	74,724
Other receivables		192	171
Deferred tax	10	<u>27,708</u>	<u>35,950</u>
Fixed asset investments	9	<u>231,571</u>	<u>265,813</u>
Fixed assets		<u>346,644</u>	<u>388,360</u>

Balance sheet at 31.12.2015

	Notes	2015 DKK'000	2014 DKK'000
Raw materials and consumables		11,868	6,571
Work in progress		<u>58,876</u>	<u>59,933</u>
Inventories		<u>70,744</u>	<u>66,504</u>
Trade receivables		73,645	73,090
Contract work in progress	11	289,454	276,831
Receivables from group enterprises		109,628	135,129
Other short-term receivables		28,054	13,708
Income tax receivable		116	839
Prepayments	12	<u>51,026</u>	<u>15,663</u>
Receivables		<u>551,923</u>	<u>515,260</u>
Cash		<u>99,529</u>	<u>82,951</u>
Current assets		<u>722,196</u>	<u>664,715</u>
Assets		<u>1,068,840</u>	<u>1,053,075</u>

Balance sheet at 31.12.2015

	Notes	2015 DKK'000	2014 DKK'000
Contributed capital	13	50,700	50,700
Reserve for net revaluation according to the equity method		120,189	115,692
Retained earnings		120,497	93,671
Proposed dividend		30,000	15,000
Equity		321,386	275,063
Provisions for deferred tax	10	15,000	15,000
Other provisions	14	15,942	17,400
Provisions		30,942	32,400
Other payables		14,371	12,723
Non-current liabilities other than provisions	15	14,371	12,723
Prepayments received from customers		313,587	178,586
Trade payables		185,639	244,657
Debt to group enterprises		109,252	189,874
Income tax payable		646	2,390
Other payables		93,017	117,382
Current liabilities other than provisions		702,141	732,889
Liabilities other than provisions		716,512	745,612
Equity and liabilities		1,068,840	1,053,075
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Related parties with control	19		
Consolidation	20		

Statement of changes in equity for 2015

	Contri- buted capital DKK'000	Reserve for net revaluati- on accor- ding to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	50,700	115,692	93,671	15,000	275,063
Ordinary dividend paid	0	0	0	(15,000)	(15,000)
Exchange rate adjustments	0	1,635	0	0	1,635
Fair value adjustments of hedging instru- ments	0	0	14,616	0	14,616
Tax of equity postings	0	0	(3,623)	0	(3,623)
Profit/loss for the year	0	2,862	15,833	30,000	48,695
Equity end of year	50,700	120,189	120,497	30,000	321,386

Notes

	2015 DKK'000	2014 DKK'000
1. Revenue		
Invoiced	1,584,107	1,311,030
Net value of contract work in progress year-end	(24,133)	98,246
Net value of contract work in progress at the beginning of the year	(98,246)	59,956
	1,461,728	1,469,232

The distribution of revenue by activity and geographical market is not disclosed as the market only has a few suppliers, and the disclosures are therefore found to be substantially detrimental to the Company.

	2015 DKK'000	2014 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	780	760
Tax services	229	0
Other services	96	87
	1,105	847

3. Staff costs

Average number of employees	658	632
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	Remune- ration of manage- ment 2015 DKK'000	Remune- ration of manage- ment 2014 DKK'000
Executive Board	15,555	15,271
Board of Directors	342	318
	15,897	15,589

Staff costs

Staff costs are calculated as follows:

Wages and salaries	356,493	338,080
Pension and social security contributions	33,807	33,271
	390,300	371,351

Notes

	2015	2014
	DKK'000	DKK'000
4. Other financial income		
Financial income arising from group enterprises	3,128	3,580
Exchange rate adjustments	3,167	3,667
Other financial income	28	120
	6,323	7,367

	2015	2014
	DKK'000	DKK'000
5. Other financial expenses		
Financial expenses from group enterprises	1,753	2,739
Exchange rate adjustments	7,928	2,231
Other financial expenses	2,642	3,464
	12,323	8,434

	2015	2014
	DKK'000	DKK'000
6. Tax on ordinary profit/loss for the year		
Current tax	1,203	3,310
Change in deferred tax for the year	3,937	5,406
Adjustment relating to previous years	(778)	(311)
	4,362	8,405

Tax on ordinary profit/loss for the year can be specified as follows:

	Income taxes DKK'000	Deferred tax DKK'000	Tax- provisions DKK'000	Tax over equity DKK'000	Tax accor- ding to the income statement DKK'000
Provisions at 1 January 2015	1,551	(35,950)	15,000		
Taxes paid (DK)	0	802			
Exchange rate adjustment	150				
Taxes paid (abroad)	(849)				
	852	(35,148)	15,000		
Adjustment of tax previous years	(657)	(120)	0		(778)
Tax charged directly to equity		3,623		(3,623)	
Tax on profit for the year	1,203	3,937	0	0	5,140
Provisions, year-end	1,398	(27,708)	15,000		
Tax cost for the year				(3,623)	4,362

Notes

6. Tax on ordinary profit/loss for the year (continued)

	Income taxes DKK'000	Deferred tax DKK'000	Tax- provisions DKK'000	Tax over equity DKK'000	Tax according to the income statement DKK'000
Tax prepayment relating to the income year 2015:					
In Denmark	0				
Abroad	<u>(868)</u>				
Net income taxes year-end	<u>530</u>				
Specified as follows:					
Income taxes payable	646				
Prepaid taxes	116				

	Completed develop- ment pro- ject DKK'000	Develop- ment pro- jects in progress DKK'000
7. Intangible assets		
Cost beginning of year	107,482	11,187
Additions	<u>2,721</u>	<u>8,838</u>
Cost end of year	<u>110,203</u>	<u>20,025</u>
Amortisation and impairment losses beginning of year	(61,564)	0
Amortisation for the year	<u>(14,940)</u>	<u>0</u>
Amortisation and impairment losses end of year	<u>(76,504)</u>	<u>0</u>
Carrying amount end of year	<u>33,699</u>	<u>20,025</u>

Notes

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fix- tures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
8. Property, plant and equipment				
Cost beginning of year	15,178	124,574	68,201	18,242
Exchange rate adjustments	0	0	87	0
Additions	0	1,652	5,377	1,479
Disposals	(64)	0	0	64
Cost end of year	15,114	126,226	73,665	19,785
Depreciation and impairment losses beginning of the year	(1,751)	(100,121)	(59,365)	(1,634)
Exchange rate adjustments	0	0	(25)	0
Depreciation for the year	(525)	(6,561)	(3,899)	(1,285)
Reversal regarding disposals	1	0	0	(1)
Depreciation and impairment losses end of the year	(2,275)	(106,682)	(63,289)	(2,920)
Carrying amount end of year	12,839	19,544	10,376	16,865
				Property, plant and equipment in progress DKK'000
8. Property, plant and equipment				
Cost beginning of year				2,118
Exchange rate adjustments				0
Additions				1,603
Disposals				(1,996)
Cost end of year				1,725
Depreciation and impairment losses beginning of the year				0
Exchange rate adjustments				0
Depreciation for the year				0
Reversal regarding disposals				0
Depreciation and impairment losses end of the year				0
Carrying amount end of year				1,725

Notes

9. Fixed asset investments

31.12.2015
DKK'000

Investments in group enterprises and associates:

Cost at 1 January 2015 16,023

Additions/disposals 0

Cost at 31 December 2015 **16,023**

Net revaluation at 1 January 2015 115,692

Foreign exchange rate adjustment (165)

Share of profit for the year 38,584

Dividend (35,557)

Changes in equity 1,635

Net revaluation at 31 December 2015 **120,189**

Carrying amount at 31 December 2015 **136,212**

Subsidiaries with negative equity are set off against receivables from these subsidiaries, and the carrying amount of investments is therefore included in the balance sheet as follows:

Investments in group enterprises and associates 158,799

Receivables from group enterprises (22,587)

Carrying amount at 31 December 2015 **136,212**

Notes

	<u>Registered in</u>	<u>Equity interest %</u>	<u>Equity DKK'000</u>	<u>Profit/loss DKK'000</u>
Subsidiaries:				
BEUMER Group France Eurl	France	100.00	25,574	3,262
Crisplant GmbH	Germany	100.00	32,844	12,831
BEUMER Group Technology Iberia, S.L.	Spain	100.00	23,816	3,341
BEUMER Group Hong Kong Company Limited	Hong Kong	100.00	(13,971)	1,409
Crisplant Singapore Pte. Ltd.	Singapore	90.00	43,209	11,718
Crisplant Philippines, Inc.	Philippines	100.00	(8,616)	1,549
Crisplant South Africa (Pty) Ltd.	South Africa	80.00	2,240	520
BEUMER Group Benelux B.V.	The Netherlands	100.00	19,658	2,780
BEUMER Group UK Limited	United King- dom	100.00	6,786	1,601
Crisplant (Shanghai) Co., Ltd.	China	100.00	4,612	(71)
Crisplant Airport Systems LLC	Abu Dhabi	100.00	768	43
Unrealised internal profit	Denmark	N/A	(708)	(399)
Total			<u>136,212</u>	<u>38,584</u>

10. Deferred tax

The deferred tax relates to the following items: Intangible assets and property, plant and equipment, provisions and forward exchange contracts, including forward exchange contracts booked directly on equity. Furthermore, the tax value of the tax-loss carryforward is recognised at DKK 8,904k.

Notes

	2015	2014
	DKK'000	DKK'000
11. Contract work in progress		
Contract work in progress	289,454	276,831
	289,454	276,831
	2015	2014
	DKK'000	DKK'000
Selling price of completed work	2,861,165	1,961,976
Invoiced on account	(2,885,298)	
	(1,863,731)	
	(24,133)	98,245
Net value is recognised in the balance sheet as follows:		
Contract work in progress	289,454	276,831
Prepayments received from customers	(313,587)	(178,586)
	(24,133)	98,245

A calculated profit on payments received on account has been added in the valuation of contract work in progress based on the stage of completion of the work. The profit has been calculated based on the project accounts.

12. Prepayments

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

	Number	Par value	Nominal
		DKK	value
			DKK'000
13. Contributed capital			
Share capital	50,700	1.00	50,700
	50,700		50,700

14. Other provisions

Provisions comprise anticipated costs of guarantee commitments and other provisions, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date, and it is probable that financial resources must be consumed to settle the obligation.

Notes

	Instalments within 12 months 2014 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2015 DKK'000	Outstanding after 5 years 2015 DKK'000
15. Long-term liabilities other than provisions				
Other payables	0	0	14,371	14,371
	0	0	14,371	14,371

	2015 DKK'000	2014 DKK'000
16. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	2,442	3,176
Commitments under rental agreements or leases with group enterprises until expiry	65,045	72,354

17. Contingent liabilities

The Company participates in Danish joint taxation with Crisplant Holding ApS 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 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The total net liability to the Danish tax authorities appears from the financial statements of Crisplant Holding ApS.

Notes

18. Assets charged and collateral

The Company has provided guarantees by way of absolute guarantee for certain group enterprises' payables and other commitments to these enterprises' banks. In addition, the Company has provided payment guarantees to several suppliers to the subsidiary Crisplant Airport Systems LLC in Abu Dhabi totalling DKK 20,918k.

The Company's total open forward exchange contracts at 31 December 2015 amount to DKK 675,805k to hedge commercial risks.

At 31 December 2015 the Company's banks have provided bank guarantees of a total amount of DKK 411,979k to the Company's and the group enterprises' customers. Moreover, in connection with specific projects, three parent guarantees have been provided to customers belonging to the British subsidiary, two parent guarantees have been provided to customers belonging to the subsidiary in Hong Kong as well as one group guarantee to a customer belonging to the Canadian BEUMER company. The project value relating to these guarantees is DKK 397,453k.

19. Related parties with control

Related parties with controlling interest consist of the Company's Parent, Crisplant Holding ApS, Central Business Registration No. 31 07 90 47

20. Consolidation

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

BEUMER GmbH & CO. KG, Older Str. 40, 59269 Beckum, Germany, reg. no. HR A 7620