Novenco Building & Industry A/S

Industrivej 22

4700 Næstved

CVR.nr. 16 92 66 47

Annual report 2015

Approved at the Company's annual general meeting on 31 May 2016

Chairman:

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Contents

Statement by the Board of Directors and the Executive Board

On this day, the Board of Directors and the Executive Board have today discussed and approved the annual report of Novenco Building & Industry A/S for the financial year 1 January - 31 December 2015.

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

It is our opinion that 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 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.

Næstved, 31 May 2016
Executive Board:

Lars Erik Knaack

Board of Directors:

Beat Vögeli Chairman	Ira Margarete Vögeli-Alber, Deputy chairman	Lars Erik Knaack
John Anker Boss[1]	Tommy Larsen[1]	

1) Board members elected by the employees

Independent auditors' report

To the shareholders of Novenco Building & Industry 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 Novenco Building & Industry A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the parent company and consolidated cash flow statement. 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 under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 consider 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 parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and consolidated cash flows 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 further procedures in addition to the audit of the consolidated financial statements and the parent company 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.

Copenhagen, 31 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Gath State Authorised Public Accountant	Lisa Hagedorn State Authorised Public Accountant

Management's review

Company details

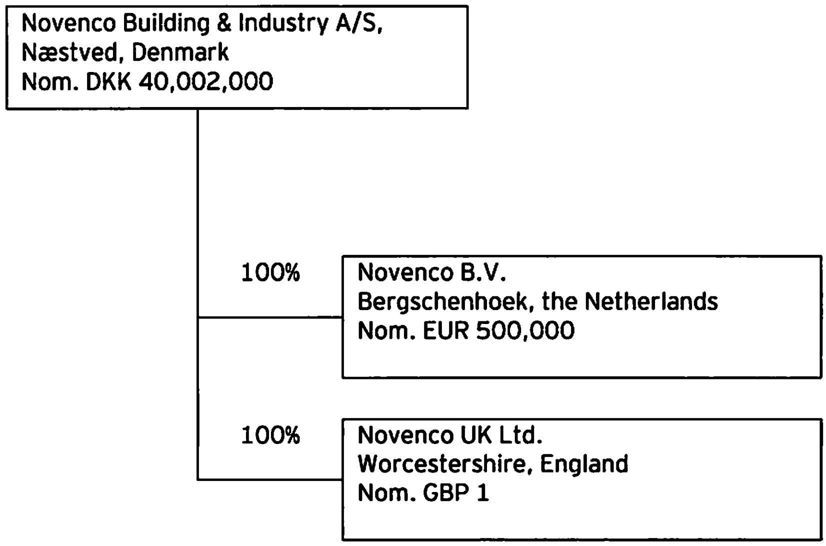
Name	Novenco Building & Industry A/S
Address, zip code, city	Industrivej 22, DK-4700 Næstved, Denmark
CVR no.	16 92 66 47
Registered office	Næstved, Denmark
Financial year	1 January - 31 December (67th financial year)
Website	www.novenco-building.com
E-mail	info@novenco-building.com
Telephone	+45 70 77 88 99
Board of Directors	Beat Vögeli, Chairman Ira Margarete Vögeli-Alber, Deputy Chairman Lars Erik Knaack John Anker Boss Tommy Larsen
Executive Board	Lars Erik Knaack
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuts Vej 4, DK-2000 Frederiksberg, Denmark

Management's review

Group chart

Parent company

Consolidated subsidiaries



SCHAKO Klima Luft Ferdinand Schad KG Messkirch, DE is a majority shareholder in Novenco Building & Industry A/S.

Management's review

Financial highlights for the Group

Seen over a 5-year period, the Group's development can be described by the following financial highlights:

DKKm	2015	2014	2013*	2012	2011*
Key figures					
Revenue	228,175	203,694	222,951	270,290	490,347
Profit/loss on ordinary operating activities	9,846	-42,735	-31,454	-56,765	-38,545
Profit/loss before net financials	9,846	-42,735	-39,096	-59,810	-21,135
Net financials	-995	-3,866	-3,821	4,375	-3,079
Profit/loss for the year	-10,841	-46,883	-34,666	-43,585	-16,508
Total assets	120,242	130,312	201,787	244,896	280,569
Portion relating to investment in property, plant and equipment	252	906	2,338	2,984	6,142
Equity	29,181	41,670	18,663	43,205	86,678
Financial ratios					
Gross margin	16.3	3.5	13.7	8.2	17.1
Operating margin	-4.3	-21.0	-17.5	-22.1	-4.3
Return on capital employed	-8,2	-32.8	-19.4	-24.4	-7.5
Equity ratio	24.3	32.0	9.2	17.6	30,8
Return on equity	-30,6	-155.4	-112.0	-67.1	-17.5
Average number of full-time employees	169	182	226	299	432

*Financial highlights have not been restated to reflect disposal of activities.

Please see the definitions in the section on accounting policies.

Management's review

Operating review

The annual report of Novenco Building & Industry A/S (the Company) for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act governing large reporting class C enterprises.

The parent company financial statements and the consolidated financial statements have been prepared applying the same accounting policies as last year.

Principal activity

Novenco Building & Industry A/S and its subsidiaries (the Group), are global suppliers with own development, production and sale of ventilation fans and fan systems for industrial and building purposes. The Group has 68 years of experience within the ventilation industry.

Business review

In February 2015, the Company was acquired by SCHAKO Klima Luft Ferdinand Schad AG and became a member of the SCHAKO group of companies.

Under the new ownership structure, the Group has continued the transformation into a pure fan manufacturer, focusing on well-defined customer segments within the industry as well as the building and construction sector.

The market activity within the Group's core customer segments grew during the year and the market activity is expected to continue at this level in the coming year. Based on this, revenue increased by 12 percent compared to the previous year, mainly driven by an increased sale of low emission fans to new customer segments, with a significant improvement in net earnings.

The Group's target area with sale of ventilation products to other industries than the building and construction sectors was further strengthened through 2015 and is expected to increase and enhance the Groups earnings in 2016 onwards.

In retrospect

The Group recorded a consolidated loss after tax of DKK (10.8) million including restructuring costs, which is considered unsatisfactory.

Financial review

Profit/loss for the year

For 2015, the Group reported revenue of DKK 228 million, which is an increase of 12 percent compared with 2014, mainly driven by an increase in sale of low emission fans to new customer segments.

The operating loss amounted to DKK 9.8 million in the year against a loss of DKK 42.7 million in 2014. The significant improvement in operating result is an outcome of the ongoing transformation of the Group.

The consolidated loss after tax for the year amounted to DKK (10.8) million against a loss of DKK (46.8) million in 2014.

Management's review

Balance sheet development

The Company's balance sheet stood at DKK 120.2 million in 2015. The Company's investments in subsidiaries are recognised at the Company's proportionate share of the profit and equity value of such entities.

At year-end, the Group's cash and cash equivalents amounted to DKK 10.1 million. The Group's equity is DKK 29.2 million. The Group's provision for warranty commitments is DKK 1.6 million, which is in line with last year and are regarded as adequate by Management.

An amount of DKK 2,096 thousand has been corrected in other receivables and in the equity regarding 2014 due to incorrect recognition in 2014. The correction is made in accordance with section 52 of the Danish Financial Statement.

Investments

No major investments were made during the financial year.

Financial resources

The equity ratio was 24.3 percent against 32.0 percent at year-end 2014, meaning that equity was DKK 29.2 million at 31 December 2015 compared with DKK 41.7 million at year-end 2014.

The transformation of the Group has focus on operational excellence and cost reductions in the overall supply chain of the Group. During 2015, more initiatives were taken. Against this background, the Group expects substantially improved earnings in 2016 compared with 2015. Consequently, the Group budgets for a positive EBITDA (earnings before interest, taxes, depreciation and amortisation) for the coming year.

The Company budgets with a positive cash flow for 2016. Management considers the financial resources to be adequate to carry out the plans and activities budgeted for 2016.

Special risks – operating and financial risks

General risks

The general risks are tied to the global world economy as the Company has activities in large parts of Northern Europe.

Financial risks

As a consequence of its financial position and financial resources the Company is exposed to interest rate fluctuations. The Group's interest rate exposure relates to its interest-bearing assets and the Group's limited interest-bearing liabilities. The Group's interest-bearing assets primarily consist of cash and cash equivalents, which at 31 December 2015 amounted to DKK 10.1 million against DKK 25.3 million at year-end 2014. The Group's interest-bearing liabilities relate to payables to group entities and represented DKK 29.3 million at 31 December 2015 against DKK 26.5 million at year-end 2014.

Currency risks

As a significant portion of revenues are made up of export sales, the Company is sensitive to changes in exchange rates. Goods are purchased using mainly DKK and EUR.

Currency risks in connection with purchases and sales in foreign currencies primarily relates to EUR and the Scandinavian currencies.

Credit risks

It is the Group's policy to secure payment from external customers, through bank guarantees, letter of credits or an ongoing credit rating of each single customer.

Management's review

Ownership structure

At 31 December 2015, the entire share capital of the Group was owned by SCHAKO Klima Luft Ferdinand Schad AG.

Gender diversity

The Company's policy regarding management diversity aims at a ratio of 25% female members on the Board of Directors and at the same time ensuring that the most qualified resources are available. The Company made improvements in this respect during the year, as one out of three members of the Board of Directors is female.

The Company continues to measure gender at all management levels throughout the Company on a regular basis in order to increase overall focus on the subject. The Company seeks a more equal gender distribution on other management levels. In 2015 the number of female managers was increased.

Management's remuneration

Remuneration for members of the Board of Directors and Executive Board is disclosed in note 17 to the annual report.

Objectives and outlook

At the onset of 2016, the Group's volume of orders for delivery this year was somewhat higher compared to last year. The Group's focus on highly energy-efficient ventilation fans and fan systems for existing and new customer segments, with sale of existing products to new sectors and industries will add to a positive trend. Against this background, significant progress is expected for 2016 in terms of revenue as well as profit.

Basis of earnings

Research and development

The Group's development efforts are concentrated on further development of existing products, particularly with regard to greater energy efficiency and new products which complement the Company's present product portfolio. In addition, focus is on the development of customised solutions for the OEM customer segments, based on the Company's core technologies.

Corporate social responsibility

Social responsibility

Novenco Building & Industry A/S, which is operating in areas of the world which have different cultures, moral concepts, social conditions and behavioural norms, ensures high-level suppliers on health, safety and environment by a structural and focused selection.

The Company has a dedicated health and safety organisation, which trough a proactive and risk-based approach ensures a reduction of the number of work-related accidents. The objective is no accidents and the number of accidents in the Netherlands, United Kingdom and Germany is continuously zero. However, for Denmark the number has increased from eight in 2014 to twelve in 2015. The Company has therefore increased its focus on the area and today measures the number of nearby accidents too. In 2015, the Company registered seven nearby accidents.

The Company continues its effort employing a large number of trainees in production

Management's review

Human rights
Novenco Building & Industry A/S's global CSR policy ensures protection of internationally proclaimed human rights.

Reduction of impact on the environment
Novenco Building & Industry A/S makes a continuous, targeted effort to reduce its impact on the global environment with the objective of reducing its consumption of energy. From 2010 to 2014, the Danish factory reduced its electricity consumption by 5% a year and from 2014 to 2015 by 1%.

The Company is certified according to ISO 14001:2004 and complies with local legislation concerning health, safety and the environment.

Events occurring after the end of the financial year

After the end of the financial year, no significant events have occurred which may have a significant impact on the financial statements for 2015.

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

Accounting policies

Basis of financial statements

The Annual Report of Novenco Building & Industry A/S has been presented in accordance with the provisions of the Danish Financial Statements Act pertaining to large reporting class C enterprises.

The accounting policies are unchanged compared with last year.

The Annual Report for 2015 has been presented in DKK thousand (DKK 1,000).

An amount of DKK 2,096 thousand has been corrected in other receivables and in the equity regarding 2014 due to incorrect recognition in 2014. The correction is made in accordance with section 52 of the Danish Financial Statement.

Consolidated financial statements

The consolidated financial statements include the parent company Novenco Building & Industry A/S and the subsidiaries in which Novenco Building & Industry A/S directly or indirectly holds more than 50 percent of the voting rights or otherwise exercises control.

Basis of consolidation

The consolidated financial statements have been prepared on the basis of the financial statements of Novenco Building & Industry A/S and its subsidiaries. The consolidated financial statements have been prepared by adding together items of a uniform nature. Intercompany income and expenses, intercompany balances and dividends as well as profit and loss from intercompany transactions have been eliminated on consolidation. The financial statements used for consolidation purposes have been prepared in accordance with the Group's accounting policies.

In the consolidated financial statements, the items of subsidiaries are recognised in full.

Business combinations

Newly acquired or newly established companies are recognised in the consolidated financial statements as of the date of acquisition.

On the acquisition of new companies, the purchase method is applied according to which the identifiable assets and liabilities of the newly acquired companies are measured at their fair values at the date of acquisition.

General aspects related to recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when they are probable and can be measured reliably. Assets and liabilities are measured at cost on initial recognition. Assets and liabilities are subsequently measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective cost to maturity. Amortised cost is calculated as initial cost less any deductions and with addition/deduction of the accumulated amortisation of the difference between the cost price and the nominal amount. In this way, capital losses and gains are allocated over the term to maturity.

On recognition and measurement, any gains, losses and risks arising before the time when the Annual Report is presented and proving or disproving matters existing on the balance sheet date are taken into account.

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

Accounting policies (continued)

Income is recognised in the income statement as earned and includes value adjustments of financial assets and liabilities measured at fair value or amortised cost. Moreover, costs incurred to obtain the revenue for the year, including depreciation and amortisation, impairment losses and provisions and reversals hereof due to changes in accounting estimates, are recognised in the income statement.

Foreign currency translation

On initial recognition, transactions in foreign currencies are translated using the exchange rate ruling at the date of the transaction. Any exchange differences arising between the rate of exchange ruling at the date of the transaction and the rate of exchange ruling at the date of payment are recognised in the income statement as an item under financial income and expenses, net.

Receivables, payables and other monetary items in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. The difference between the rate of exchange ruling at the balance sheet date and the rate of exchange ruling at the time when the receivables or the payables arose or were recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included under other receivables and other payables, respectively. Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future cash flows are recognised directly in equity. Income and expenses relating to such hedging transactions are transferred from equity on realisation of the hedged asset or liability and are recognised in the same item as the hedged asset or liability.

Changes in the fair value of any derivative financial instruments that do not qualify for hedge accounting are currently recognised in the income statement under financial income and expenses, net.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before year-end and provided that the income can be stated reliably and payment is expected to be made.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Contract work in progress concerning customised production of systems is recognised as revenue when the production is completed, and the revenue thus corresponds to the selling price of the work completed (the percentage of completion method).

Production costs

Production costs comprise the costs incurred to obtain the revenue for the year. The cost includes raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation etc. as well as operation, administration and management of factories.

Accounting policies (continued)

Included in production costs are research and development costs which do not meet the criteria for capitalisation and amortisation of capitalised development costs. Moreover, provisions for losses on contracts are included.

Distribution costs

Distribution costs comprise costs of distribution and sales campaigns regarding goods sold during the year, including costs relating to sales staff, marketing and depreciation/amortisation as well as loss on trade debtors.

Administrative expenses

Administrative expenses comprise costs relating to the management, the administrative staff, office expenses, insurance, depreciation/amortisation etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature in relation to the principal activity of the Company, including profit/loss on the sale of intangibles and property, plant and equipment.

Share of profit/(loss) in subsidiaries and associates

The proportionate share of the post-tax results of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intercompany profits/losses.

The proportionate share of the post-tax results of the associates is recognised in the income statement of the parent company and the consolidated income statement after elimination of the proportionate share of intercompany profits/losses.

Net financials

Financial income and expenses include interest, financial expenses relating to finance leases, marketable securities adjustments, amortisation of mortgage loans as well as additions and tax allowances under the On-account Tax Scheme.

Tax

The Company is covered by the Danish rules on compulsory joint taxation of the Danish subsidiaries of the Novenco Hak Group until 5 February 2015. The current corporation tax is distributed between the jointly taxed companies in proportion to their taxable incomes (full absorption with refunds for tax losses).

Tax for the year, which consists of the year's joint taxation contribution and change in deferred tax, is recognised in the income statement with the share attributable to the profit/loss for the year and directly in equity with the share attributable to items recognised directly in equity.

Balance sheet

Intangibles

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

Development projects clearly defined and identifiable involving a demonstrable technical rate of utilisation, adequate resources and a potential future market or a development opportunity in the Company, and where the intention is to produce, market or employ the project, have been recognised as intangibles provided that the cost can be stated reliably and that there is sufficient certainty that future earnings will cover the production and selling costs, the administrative expenses as well as the actual development costs. Other development costs are recognised in the income statement as paid.

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

Accounting policies (continued)

Capitalised development costs are measured at cost less accumulated amortisation or at a lower recoverable amount.

Capitalised development costs are amortised on a straight-line basis after the completion of the project over the estimated useful economic life. The amortisation period is 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets.

Buildings	15-30 years
Plant and machinery	4-12 years
Other fixtures and fittings, tools and equipment	3-12 years
Leasehold improvements	10 years

Profits and losses derived from the disposal of property, plant and equipment are stated as the difference between the selling price less selling expenses and the carrying amount at the time of selling. Profits or losses are recognised in the income statement as an adjustment to depreciation and impairment losses or under other operating income to the extent that the selling price exceeds the original cost.

Leases

Leases for property, plant and equipment, where the Company has all substantial risks and benefits inherent in the ownership (finance leases), are initially measured in the balance sheet at the lower of fair value and present value of future lease payments. In calculating the present value, the internal interest rate of the lease or the alternative borrowing rate is used as a discounting factor. Financially leased assets are subsequently treated as the Company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a payable, while the interest component of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Rental payments made under operating leases and other leases are recognised in the income statement over the term of the leases. The Company's total operational lease commitments are stated under contingencies, etc.

Impairment of non-current assets

The carrying amount of intangibles and property, plant and equipment is reviewed annually to determine whether there is any indication of impairment exceeding the write-downs in connection with general amortisation and depreciation. If any such indication exists, an impairment test will be carried out to determine whether the recoverable amount is lower than the carrying amount, and a write-down to this lower recoverable amount will be made. This impairment test is conducted on an annual basis of in-progress development projects, irrespective of whether or not there is any indication of impairment.

The recoverable amount of the asset is determined as the higher of the net selling price and its value in use. If the recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

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

Accounting policies (continued)

Subsidiaries and associates with a negative equity value are measured at zero value, and any receivables from these companies are written down by the parent company's share of the negative equity value insofar as they are deemed uncollectible. If the negative equity value exceeds the receivables, the remaining amount is recognised under provisions to the extent that the parent company has a legal or constructive obligation to cover the liabilities of the company in question.

Net revaluation of investments in subsidiaries and associates is transferred to the net revaluation reserve to the extent the carrying amount exceeds the cost.

Inventories

Inventories are measured at cost using the FIFO method or the net realisable value for the individual product line, whichever is lower. The net realisable value of inventories is calculated as the selling price less the costs of completion and costs incurred to execute the sale and determined with due consideration of marketability, obsolescence and movements in the expected selling price.

The cost of goods for resale, raw materials and consumables comprises the cost price plus delivery costs.

The cost of manufactured finished goods and work in progress comprises the cost of raw materials, consumables, direct labour costs and indirect production costs. Indirect production costs comprise indirect materials and labour costs as well as maintenance of the machinery, factory buildings and equipment used in the manufacturing process and the cost of administration and management of factories.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

Prepayments

Prepayments under assets comprise paid-up expenses relating to the subsequent financial year.

Contract work in progress

Contract work in progress is recognised based on an actual assessment using either the percentage of completion method or the sales method.

Contract work in progress recognised according to the percentage of completion method is measured at the sales value of the work performed less work invoiced on account and expected losses. Contract work in progress is i.a. characterised by a high degree of individualisation with regard to design. It is also a requirement that a binding contract is signed before the work is begun.

The selling price is measured based on the stage of completion at the balance sheet date and the total expected revenue from the individual contract. The stage of completion is determined based on an assessment of the work performed, normally calculated as the relation between the costs paid and the total, expected costs for the contract in question.

When it is probable that the total costs will exceed the total revenue, the expected loss on the contract is immediately recognised as an expense.

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

Accounting policies (continued)

Contracts where the selling price of the work performed exceeds the amounts invoiced on account and expected losses are entered under Receivables. Contracts where the amounts invoiced on account and the expected losses exceed the selling price are recognised as a liability.

Contract work in progress which does not fulfil the requirements for recognition according to the percentage of completion method is recognised according to the sales method.

Proposed dividend

Dividend is recognised as a liability at the time of approval by the general meeting.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of an event occurring on or before the balance sheet date and it is probable that an outflow of economic benefits will be required to settle the obligation.

Warranty commitments are measured at net realisable value and include provisions for general and expected specific warranty commitments.

Liabilities other than provisions

Payables to mortgage banks and credit institutions are recognised initially at the proceeds received net of transaction expenses incurred. Financial liabilities other than provisions are subsequently measured at amortised cost, corresponding to the capitalised value, using the effective interest rate so that differences between the proceeds and the nominal value are recognised in the income statement as financial income and expenses, net, over the period of the borrowing.

Liabilities other than provisions, which comprise trade payables and payables to Group companies and associates and other payables, are measured at amortised cost, which usually equals the nominal debt.

Tax and deferred tax

Under the joint taxation rules, the subsidiaries' liability to the tax authorities for their own corporation taxes is settled concurrently with the payment of the joint taxation contributions to the management company.

Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with Group companies.

Deferred tax is measured under the balance sheet liability method comprising all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the value at which they are expected to be utilised either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax unit and jurisdiction. Deferred tax is measured in accordance with the tax rules and tax rates in the various countries that will apply under the legislation in force at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

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

Accounting policies (continued)

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for changes in the working capital, non-cash operating items such as amortisation/depreciation and write-downs and liabilities. The operating capital comprises current assets less short-term liabilities other than provision excluding the entries included in cash and cash equivalents as well as interest-bearing items.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment and investments.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

Cash flows from financing activities

Cash flows from financing activities comprise the raising and repayment of long-term liabilities other than provisions as well as payments to and repayments from the shareholders.

Cash and cash equivalent

Cash and cash equivalents comprise the entries "Cash" under current assets. The cash flow statement cannot be derived solely on basis of the public accounting material.

Segment information

The segment information follows the Group's accounting policies, risks and management control.

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Profit/loss before net financials} \times 100}{\text{Revenue}}$
Return on capital employed	$\frac{\text{Profit/loss before net financials} \times 100}{\text{Total assets}}$
Equity ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$

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

Income statement

		Consolidated		Parent company	
Note	DKK'000	2015	2014	2015	2014
1	**Revenue**	228,175	203,694	136.117	128,674
17	Production costs	-190,915	-196,467	-123.105	-143,614
	Gross profit/loss	37,260	7,227	13.012	-14,940
17	Distribution costs	-21,800	-21,436	-10.932	-10,354
16,17	Administrative expenses	-25,306	-28,526	-12.385	-17,398
	Profit/loss before net financials	-9,846	-42,735	-10.305	-42,692
2	Share of profit/loss in subsidiaries after tax	0	0	582	404
3	Financial income	338	207	293	92
4	Financial expenses	-1,333	-4,073	-1.411	-4,398
	Profit/loss before tax	-10,841	-46,601	-10.841	-46,594
5	Tax on profit/loss for the year	0	-282	0	-289
	Profit/loss for the year	-10,841	-46,883	-10.841	-46,883
	Proposed profit appropriation/distribution of loss				
	Retained earnings			-10.841	-46,883
				-10.841	-46,883

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

Balance sheet

Note	DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
	ASSETS				
	Non-current assets				
6	**Intangible assets**				
	Completed development projects	3,971	6,527	3,971	6,527
	Development projects in progress	289	0	289	0
		4,260	6,527	4,260	6,527
7	**Property, plant and equipment**				
	Land and buildings	4,223	4,503	0	0
	Plant and machinery	7,344	9,911	7,060	9,576
	Other fixtures and fittings, tools and equipment	662	875	284	525
	Leasehold improvements	1,333	2,180	1,333	2,180
		13,562	17,469	8,677	12,281
	Investments				
8	Investments in subsidiaries	0	0	17.448	18,192
		0	0	17.448	18,192
	Total non-current assets	17,822	23,996	30,385	37,000
	Current assets				
	Inventories				
	Raw materials and consumables	13,148	11,391	13,148	11,391
	Work in progress	19,732	20,096	11,051	11,053
	Finished goods and goods for resale	3,994	2,858	1,950	923
		36,874	34,345	26,149	23,367
	Receivables				
	Trade receivables	36,711	29,742	13,721	9,938
9	Contract work in progress	13,900	8,627	8,785	3,660
	Receivables from Group companies	0	0	9,177	20,124
	Joint taxation contribution receivables	0	4,239	0	4,239
	Deposits	1,073	1,146	1,073	1,146
	Other receivables	1,021	831	263	129
10	Prepayments	2,746	2,107	2,397	2,000
14	Deferred tax	0	0	0	0
		55,451	46,692	35,416	41,236
	Cash at bank and in hand	10,095	25,279	4,796	20,008
	Total current assets	102,420	106,316	66,361	84,611
	TOTAL ASSETS	120,242	130,312	96,746	121,611

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

Balance sheet

		Consolidated		Parent company	
Note	DKK'000	2015	2014	2015	2014
	EQUITY AND LIABILITIES				
	Equity				
	Share capital	40,002	40,002	40,002	40,002
	Net revaluation reserve according to the equity method	0	0	0	0
	Retained earnings	-10,821	1,668	-10,821	1,668
11	**Total equity**	29,181	41,670	29,181	41,670
	Provisions				
13	Other provisions	351	313	0	0
12	Provisions for warranty commitments	1,630	1,628	876	1,078
	Total provisions	1,981	1,941	876	1,078
	Liabilities other than provisions				
13	**Non-current liabilities other than provisions**				
	Lease commitment	1,423	5,043	1,423	5,043
	Payables to Group companies	22,232	0	22,232	0
		23,655	5,043	23,655	5,043
	Current liabilities other than provisions				
	Credit institutions	0	1,143	0	1,143
	Current portion of lease commitment	615	4,715	615	4,715
9	Contract work in progress	8,180	11,519	0	0
	Trade payables	31,761	21,416	22,538	14,277
	Payables to Group companies	7,035	26,495	7,086	40,702
	Other payables	17,834	16,370	12,795	12,983
		65,425	81,658	43,034	73,820
	Total liabilities other than provisions	89,080	86,701	66,689	78,863
	TOTAL EQUITY AND LIABILITIES	120,242	130,312	96,746	121,611

15 Contingencies and other liabilities
16 Remuneration for auditors elected by the annual general meeting
17 Employees
18 Related parties and ownership structure

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

Statement of changes in equity

	Consolidated			
DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2014	40,000	0	-21,337	18,663
Transferred, see allocation of profit/ distribution of loss	0	0	-46,883	-46,883
Conversion of debt to Parent company	2	0	72,319	72,321
Foreign currency translation adjustment relating to foreign Group companies	0	0	-334	-334
Other adjustments	0	0	-1	-1
Correction	0	0	-2,096	-2,096
Equity at 1 January 2015	40,002	0	1,668	41,670
Transferred, see allocation of profit/ distribution of loss	0	0	-10,841	-10,841
Foreign currency translation adjustment relating to foreign Group companies	0	0	-1,648	-1,648
Equity at 31 December 2015	40,002	0	-10,821	29.181

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

Statement of changes in equity

	Parent company			
DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2014	40,000	0	-21,337	18,663
Transferred, see profit appropriation/distribution of loss	0	0	-46,883	-46,883
Conversion of debt to Parent company	2	0	72,319	72,321
Foreign currency translation adjustment relating to foreign Group companies	0	0	-334	-334
Other adjustments	0	0	-1	-1
Correction	0	0	-2,096	-2,096
Equity at 1 January 2015	40,002	0	1,668	41,670
Transferred; see profit appropriation/distribution of loss	0	0	-10,841	-10,841
Foreign currency translation adjustment relating to foreign Group companies	0	0	-1,648	-1,648
Equity at 31 December 2015	40,002	0	-10,821	29,181

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

Cash flow statement

Note	DKK'000	Consolidated 2015	Consolidated 2014
	Profit/loss for the year before tax	-10,841	-46,601
19	Adjustments	7,931	22,065
20	Changes in working capital	-5,618	27,146
	Cash flows from operations (operating activities before financial income and expenses)	-8,528	2,610
	Financial income and expenses	-995	-3,865
	Cash flows from operations (operating activities)	-9,523	-1,255
	Joint taxation contribution and other tax received	4,239	5,713
	Cash flows from operating activities	-5,284	4,458
	Acquisition of property, plant and equipment	-252	-906
	Acquisition of intangible assets	-785	0
	Disposal of intangible assets	0	0
	Disposal of property, plant and equipment	0	259
	Cash flows from investing activities	-1,037	-647
	Net cash flows from operating and investing activities	-6,321	3,811
	Repayment of lease commitments	-7,720	-4,941
	Change in bank debt	-1,143	10
	Cash flows from financing activities	-8,863	-4,931
	Net cash flows for the year	-15,184	-1,120
	Cash and cash equivalents at 1 January	25,279	26,399
	Cash and cash equivalents at 31 December	10,095	25,279

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

Notes to the financial statements

	DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
1	**Revenue**				
	Business areas				
	Whole Sales	47,422	8,814	47,422	8,814
	Carpark & Tunnel	134,651	153,004	42,593	77,984
	OEM	44,865	40,655	44,865	40,655
	Other	1,237	1,221	1,237	1,221
		228,175	203,694	136,117	128,674
2	**Share of profit/loss in subsidiaries**				
	Profit/loss in subsidiaries after tax	0	0	582	404
		0	0	582	404
3	**Financial income**				
	Other financial income	52	188	7	92
	Exchange rate adjustment	286	19	286	0
		338	207	293	92
4	**Financial expenses**				
	Interest expense relating to Group companies	-359	-759	-468	-1,183
	Other financial expenses	-974	-2,935	-943	-2,837
	Exchange rate adjustment	0	-379	0	-378
		-1,333	-4,073	-1,411	-4,398

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

Notes to the financial statements

		Consolidated		Parent company	
	DKK'000	2015	2014	2015	2014
5	**Corporation tax**				
	Current tax for the year	0	4,239	0	4,239
	Adjustment regarding previous years	0	7	0	0
	Deferred tax for the year	0	-4,114	0	-4,114
	Adjustment regarding change in tax rate	0	-414	0	-414
	Total tax for the year	0	-282	0	-289
	Tax on the profit/loss for the year	0	-282	0	-289
		0	-282	0	-289

6 **Intangible assets**

	Consolidated		
DKK'000	Completed development projects	Development projects in progress	Total
Cost at 1 January 2015	23,915	0	23,915
Additions during the year	496	289	785
Disposals during the year	0	0	0
Cost at 31 December 2015	24,411	289	24,700
Impairment and amortisation at 1 January 2015	-17,388	0	-17,388
Amortisation for the year	-3,052	0	-3,052
Disposals during the year	0	0	0
Impairment and amortisation at 31 December 2015	-20,440	0	-20,440
Carrying amount at 31 December 2015	3,971	289	4,260
Amortised over	5 years	-	

	2015	2014
Impairment losses and amortisation of intangible assets are recognised in the income statement under the following items:		
Production costs	3,052	3,995
	3,052	3,995

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

Notes to the financial statements

6 Intangible assets (continued)

	Parent company		
DKK'000	Development projects completed	Development projects in progress	Total
Cost at 1 January 2015	23,915	0	23,915
Additions during the year	496	289	785
Disposals during the year	0	0	0
Cost at 31 December 2015	24,411	289	24,700
Impairment and amortisation at 1 January 2015	-17,388	0	-17,388
Amortisation for the year	-3,052	0	-3,052
Disposals during the year	0	0	0
Impairment and amortisation at 31 December 2015	-20,440	0	-20,440
Carrying amount at 31 December 2015	3,971	289	4,260
Amortised over	5 years	-	

	2015	2014
Impairment losses and amortisation of intangible assets are recognised in the income statement under the following items:		
Production costs	3,052	3,995
	3,052	3,995

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

Notes to the financial statements

7 Property, plant and equipment

	Consolidated					
DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 January 2015	14,313	76,556	4,720	7,665	0	103,254
Translation adjustment at year-end rate	11	2	0	0	0	13
Additions during the year	104	22	126	0	0	252
Disposals during the year	0	0	-625	0	0	-625
Cost at 31 December 2015	14,428	76,580	4,221	7,665	0	102,894
Impairment and depreciation at 1 January 2015	-9,810	-66,645	-3,845	-5,485	0	-85,785
Depreciation for the year	-395	-2,591	-338	-847	0	-4,171
Impairment and depreciation on assets disposed of	0	0	625	0	0	625
Impairment and depreciation at 31 December 2015	-10,205	-69,236	-3,558	-6,332	0	-89,331
Carrying amount at 31 December 2015	4,223	7,344	662	1,333	0	13,562
Depreciated over	15-30 years	4-12 years	3-12 years	10 years	-	
Of which financially leased assets	0	1,603	0	0	0	0

	2015	2014
Impairment and depreciation of property, plant and equipment are recognised in the income statement under the following items:		
Production costs	2,591	16,844
Administrative expenses	1,580	2,674
	4,171	19,518

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

Notes to the financial statements

7 Property, plant and equipment (continued)

	Parent company				
DKK'000	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 January 2015	75,304	2,632	7,665	0	85,601
Additions during the year	0	0	0	0	0
Disposals during the year	0	0	0	0	0
Cost at 31 December 2015	75,304	2,632	7,665	0	85,601
Impairment losses and depreciation at 1 January 2015	65,728	2,107	5,485	0	73,320
Depreciation for the year	2,516	241	847	0	3,604
Impairment losses and depreciation on assets disposed of	0	0	0	0	0
Impairment losses and depreciation at 31 December 2015	68,244	2,348	6,332	0	76,924
Carrying amount at 31 December 2015	7,060	284	1,333	0	8,677
Depreciated over	4-12 years	3-12 years	10 years	-	
Of which financially leased assets	1,603	0	0	0	0

	2015	2014
Impairment losses and depreciation of property, plant and equipment are recognised in the income statement under the following items:		
Production costs	2,516	16,845
Administrative expenses	1,088	2,062
	3,604	18,907

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	Parent company 2014
8 Investments in subsidiaries		
Cost at 1 January	40,481	40,481
Disposals during the year	0	0
Cost at 31 December	40,481	40,481
Revaluations at 1 January	-22,289	-22,073
Foreign currency translation adjustment	-297	-334
Profit/loss for the year	582	404
Other adjustments	0	-6
Transfer for setoff against receivables and other provisions at 1 January	-4,548	-4,828
Transfer for setoff against receivables and other provisions at 31 December	3,519	4,548
Value adjustments at 31 December	-23,033	-22,289
Carrying amount at 31 December	17,448	18,192

Investments in subsidiaries can be specified as follows:

Name	Registered office	Share capital	Voting rights and ownership
Novenco B.V.	Bergschenhoek, the Netherlands	EUR 18,000	100%
Novenco UK Ltd.	Worcestershire, England	GBP 1	100%

All foreign subsidiaries are recognised and measured as separate entities.

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

Notes to the financial statements

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
9 Contract work in progress				
Work in progress at 31 December	72,758	64,975	16,757	4,294
Recognised profit	11,995	13,328	2,597	222
	84,753	78,303	19,354	4,516
Work in progress at 31 December at selling price	84,753	78,284	19,354	4,516
Of which invoiced on account	-79,033	-81,176	-10,569	-856
Net value	5,720	-2,892	8,785	3,660
The amount is included in the financial statements under the following items				
Contract work in progress included under assets	13,900	8,627	8,785	3,660
Contract work in progress included under equity and liabilities	-8,180	-11,519	0	0
Net value	5,720	-2,892	8,785	3,660

10 **Prepayments**

Prepayments in Group and Parent company are prepaid expenses related to IT licenses and leasing etc.

11 **Equity**

In 2014, the Company´s share capital has been increased by DKK 2 thousand due to a conversion of debt to the parent company. Hereafter, the share capital totals DKK 40.002 thousand at 31 December 2015. The share capital is not divided into share classes.

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

Notes to the financial statements

12 Provisions for warranty commitments

Novenco A/S has normal warranty commitments in connection with deliveries of goods and services.

	Consolidated		Parent company	
DKK'000	2015	2014	2015	2014
Warrenty provisions at 1 January	1,628	651	1,078	346
Used during the year	-1,033	-3,516	-608	-3,516
Reversal	0	-53	0	-53
Provided during the year	1,035	4,546	406	4,301
Warrenty provisions at 31 December	1,630	1,628	876	1,078

13 Liabilities other than provisions

Liabilities other than provisions fall due as follows:

	Consolidated		Parent company	
DKK'000	2015	2014	2015	2014
Within 1 year	8,052	4,715	7,701	4,715
Between 1 and 5 years	16,619	5,043	16,619	5,043
Above 5 years	7,036	0	7,036	0
	31,707	9,758	31,356	9,758

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

Notes to the financial statements

14 Deferred tax

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
Equipment	1,769	1,203	1,769	1,203
Leased asset	448	2,373	448	2,373
Leasehold improvements	563	394	563	394
Capitalised development costs	-216	-394	-216	-394
General warranty provisions	193	253	193	253
Recognised profit on payments received on account	-118	-52	-118	-52
Compensation agreement	1,449	2,237	1,449	2,237
Capitalised tax loss	24,139	5,873	9,287	5,873
	28,227	11,887	13,375	11,887

Deferred tax amounts to an asset of DKK 27,564 thousand at 31 December 2015, which however has not been capitalised in the Balance sheet.

15 Contingencies and other liabilities

The following binding agreements, falling due within 5 years, have been concluded:

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
Rental obligations	5,383	10,154	5,383	9,562
Operating leases	4,443	3,432	1,148	1,009
IT contracts	5,036	4,153	5,036	4,153
Other supplier agreements	0	547	0	547
Total liabilities	14,862	18,286	11,567	15,271
Annual rent/lease payments amount to	6,786	11,396	5,505	9.963

Joint taxation

Novenco A/S is jointly taxed with the Danish subsidiaries of Novenco Hak Group until 5 Februar 2015. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. The Group as a whole is not liable to others.

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

Notes to the financial statements

		Consolidated		Parent company	
	DKK'000	2015	2014	2015	2014
16	**Remuneration for auditors elected by the annual general meeting**				
	Auditors	453	485	232	274
	Tax consultancy	120	185	72	133
	Non-audit services	104	248	104	239
		677	918	408	646
	Hereof other auditors	269	272		
17	**Employees**				
	Wages and salaries	67,288	74,145	50,224	58,725
	Pensions	5,058	5,387	4,200	4,530
	Other social security costs	3,880	3,600	1,705	1,347
		76,226	83,132	56,129	64,602
	Charged to the income statement as follows:				
	Production costs	38,789	48,086	31,426	41,011
	Distribution costs	14,349	13,245	4,860	4,935
	Administrative expenses	23,088	21,801	19,843	18,656
		76,226	83,132	56,129	64,602
	of which remuneration to the Executive Board and Board of Directors:				
	Executive Board	2,010	2,830	2,010	2,830
	Board of Directors	0	0	0	0
		2,010	2,830	2,010	2,830
	Average number of full-time employees	169	182	135	146

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

Notes to the financial statements

18 Related parties and ownership structure

Controling interest	Basis
SCHAKO Klima Luft Ferdinand Schad KG Messkirch, DE.	Principal shareholder

Ownership structure

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

SCHAKO Klima Luft Ferdinand Schad KG Messkirch, DE.

The consolidated financial statements are available at the Company's address or on the Company's website.

The ultimate owner is SCHAKO Klima Luft Ferdinand Schad KG Messkirch, DE.

		Consolidated	
	DKK'000	2015	2014
19	**Adjustments, cash flow statement**		
	Depreciation for accounting purposes on property, plant and equipment	4,171	7,517
	Amortisation for accounting purposes on intangible assets	3,052	3,995
	Impairment for accounting purposes on projects, plant and equipment	0	12,000
	Accounting gain/loss on property, plant and equipment	0	651
	Financial income and expenses	995	3,865
	Change in provisions, profit on contract work in progress etc.	1,373	-5,969
	Other adjustments	-1,660	6
		7,931	22,065
20	**Changes in working capital, cash flow statement**		
	Change in receivables	-7,725	16,470
	Change in inventories	-12,474	9,093
	Change in trade and other payables, etc.	11,809	-35,170
	Change in amounts owed to group enterprises	2,772	36,753
		-5,618	27,146