

DANFOSS POWER SOLUTIONS HOLDING ApS

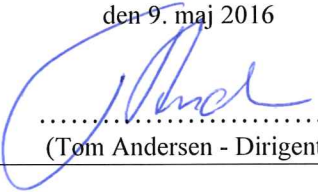
Address: Nordborgvej 81, 6430 Nordborg
Registration No.: 20 16 16 12

ANNUAL REPORT 2015

Til Erhvervs- og Selskabsstyrelsen

Nærværende regnskab er fremlagt og godkendt på
selskabets ordinære generalforsamling

den 9. maj 2016


.....
(Tom Andersen - Dirigent)

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STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

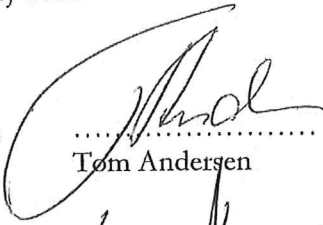
The Board of Directors and the Executive Board have today discussed and adopted the annual report for 2015 of Danfoss Power Solutions Holding ApS.

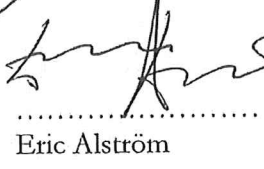
The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the accounting policies applied to be appropriate. Accordingly, the annual report gives a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's activities for the financial year 1 January - 31 December 2015.

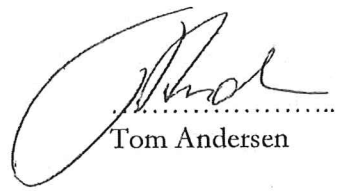
We recommend that the annual report be approved at the annual general meeting.

Nordborg, 9th May 2016

Executive Board: 
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Tom Andersen

Board of Directors: 
.....
Eric Alström


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Daniel Winter


.....
Tom Andersen

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Danfoss Power Solutions Holding ApS

We have audited the Financial Statements of Danfoss Power Solutions Holding ApS for the financial year 1 January – 31 December 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. 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 whether the Financial Statements are free from material misstatement.

An audit involves performing audit 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 misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 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 Financial Statements.

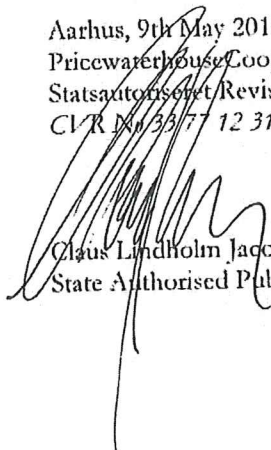
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


The audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Aarhus, 9th May 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 3377 12 31


Claus Lindholm Jacobsen
State Authorised Public Accountant


Mads Melgaard
State Authorised Public Accountant

COMPANY DETAILS

Company	Danfoss Power Solutions Holding ApS Nordborgvej 81 DK-6430 Nordborg Registration No. 20 16 16 12 Registered office in Soenderborg municipality
Board of Directors	Eric Alström, Chairman Daniel Winter Tom Andersen
Executive Board	Tom Andersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken, Jens Chr. Skous Vej 1 DK - 8000 Aarhus C
Banks	Danske Bank Holmens Kanal 2 DK - 1090 Copenhagen K Deutsche Bank Theodor-Heuss-Allee 70 DE – 60486 Frankfurt

ACCOUNTING POLICIES

The annual report of Danfoss Power Solutions Holding ApS has been prepared in accordance with the provisions applying to class B enterprises under the Danish Financial Statements Act.

According to section 112 of the Danish Financial Statements Act, no consolidated financial statements are prepared for Danfoss Power Solutions Holding ApS' subgroup as the subgroup is duly included in the higher-ranking consolidated financial statements – see note 9.

Recognition and Measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the asset value can be measured reliably. Liabilities are recognised in the balance sheet when an outflow of future economic benefits is probably, and the value can be measured reliably. On initial recognition, assets and liabilities are valued at cost. Subsequently, assets and liabilities are as described below.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account. Revenue is recognised in income as it is earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost.

Equally, costs incurred to generate annual earnings, include depreciation, amortisation and provisions as well as reversals due to changes in accounting estimates of amounts previously recognised in the income statement.

Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies, which are not settled at the balance sheet date, are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the exchange rates at the transaction date is recognised in the income statement as financial income or financial expenses.

Income statement

Administrative expenses comprise audit expenses incurred during the year etc.

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc. Financial income and expenses are recognised at the amounts concerning the financial year.

Dividends from subsidiaries and associates are measured at cost and recognised as financial income in the period when the dividends are declared. To the extent that dividend exceeds accumulated earnings after the acquisition date, the dividends are recognised as a reduction of the cost of investment.

Tax on profit/loss for the year comprises current tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The Company is jointly taxed with the associates of the Danish Group, Danfoss Power Solutions ApS and Danfoss A/S.

Balance sheet

Investments in subsidiaries and associates are measured at cost. If the cost exceeds the recoverable amount is written down to the lower value. Cost is reduced to the extent that the dividends received exceed accumulated earnings after the acquisition date. Dividends from subsidiaries are recognised in the income statement. Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired.

Receivables are measured at amortised cost corresponding to net realisable value. Amounts owned by group enterprises consist of cash pool balance to Danfoss A/S.

Joint taxation contribution. Current tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income, adjusted for tax on prior years' taxable income and for tax paid in advance.

Other payables, comprising trade payables and other payables, are measured at amortised cost corresponding to net realisable value.

Danfoss Power Solutions Holding ApS is the owner of one of the Group's cash pool schemes. The other part is owned by Danfoss A/S. Net payables to or receivables from participating companies are recognised as "Amounts owned by group enterprises" or "Amounts owed to group enterprises".

FINANCIAL STATEMENTS 1 January – 31 December

Income statement

	<u>2015</u>	<u>2014</u>
	DKK'000	DKK'000
Administrative expenses	-50	-69
2 Interest income and similar items	1,031,384	54,214
3 Interest expense and similar items	-370	-3,020
Profit/loss before tax	<u>1,030,964</u>	<u>51,125</u>
4 Tax on profit/loss for the year	<u>-379</u>	<u>411</u>
Profit/loss for the year	<u>1,030,585</u>	<u>51,536</u>
Proposed profit appropriation		
Retained earnings	<u>1,030,585</u>	<u>51,536</u>

FINANCIAL STATEMENTS 1 January – 31 December

Balance sheet

Note		<u>2015</u> DKK'000	<u>2014</u> DKK'000
	Assets		
	Non-current assets		
	Investments		
5	Investments in subsidiaries	1,097,563	1,097,563
6	Investments in associate	12,294	12,294
	Total investments	<u>1,109,857</u>	<u>1,109,857</u>
	Current assets		
	Receivables		
	Amounts owned by group enterprises	764,756	7,922
	Joint taxation contribution	0	436
	Total receivables	<u>764,756</u>	<u>8,358</u>
	Cash at bank and in hand	<u>572</u>	<u>14,010</u>
	Total current assets	<u>765,328</u>	<u>22,368</u>
	Total assets	<u>1,875,185</u>	<u>1,132,225</u>

FINANCIAL STATEMENTS 1 January – 31 December

Note	<u>2015</u>	<u>2014</u>
	DKK'000	DKK'000
Equity and liabilities		
7 Equity		
Share capital	254,514	254,514
Retained earnings	1,612,117	581,532
Total equity	<u>1,866,631</u>	<u>836,046</u>
Current liabilities other than provisions		
Amounts owed to group enterprises	8,125	296,148
Joint taxation contribution	379	0
Other payables	50	31
Total liabilities other than provisions	<u>8,554</u>	<u>296,179</u>
Total equity and liabilities	<u>1,875,185</u>	<u>1,132,225</u>
8 Contractual obligations and contingencies, etc.		
9 Group information		

FINANCIAL STATEMENTS 1 January – 31 December

Notes

1 Business area

The prime objective of Danfoss Power Solutions Holding ApS is to lead the financing and provide the stewardship function for the European and Asia-Pacific subsidiaries in the Danfoss Power Solutions Group. Accordingly, Danfoss Power Solutions Holding ApS has no employees, operations or sales.

	<u>2015</u>	<u>2014</u>
	DKK'000	DKK'000
2 Financial income		
Interest income from group enterprises	2,034	1,306
Dividends from group enterprises	1,029,350	52,908
Total financial income	<u>1,031,384</u>	<u>54,214</u>
3 Financial expenses		
Interest expense to group enterprises	-292	-914
Interest expense and bank charges	-78	-133
Foreign exchange adjustment	0	-1,973
Total financial expenses	<u>-370</u>	<u>-3,020</u>
4 Tax on profit for the year		
Tax on taxable profit for the year	-379	436
Tax in respect of previous years	0	-25
Total tax on profit for the year	<u>-379</u>	<u>411</u>

FINANCIAL STATEMENTS 1 January – 31 December

5 Investments in subsidiaries

Key figures in DKK'000 for the subsidiaries at 31 December 2015:

Subsidiaries	Location	Owner-ship	Equity	Profit for the year
Danfoss Power Solutions ApS	Nordborg, Denmark	100%	931,614	366,165
Danfoss Power Solutions SP.Z.O.O	Wroclaw, Poland	100%	130,776	13,592
Danfoss Power Solutions AB	Älmhult, Sweden	100%	18,418	507
Danfoss Power Solutions A/S	Skui, Norway	100%	17,647	11,725
Danfoss Power Solutions OY Ab	Espoo, Finland	100%	9,216	3,742
Danfoss Power Solutions s.r.l.	Reggio Emilia, Italy	100%	137,781	54,112
Danfoss Power Solutions S.A.S	Dammarie les Lys, France	100%	37,124	7,357
Danfoss Power Solutions India Private Ltd.	Pune, India	100%	108,821	22,056
Danfoss Power Solutions B.V.B.A	Ternat, Belgium	100%	9,957	1,136
Danfoss Power Solutions B.V.	Gouda, Holland	100%	9,384	1,691
Danfoss Power Solutions LLC	Moscow, Russia	100%	15,001	2,067
Danfoss Power Solutions Ltd.(Japan)	Kobe, Japan	100%	37,442	-29

6 Investments in associate

Key figures in DKK'000 for the associate at 31 December 2015:

Associate	Location	Owner-ship	Equity	Profit for the year
Daikin Saucer-Danfoss Manufacturing Ltd.	Osaka, Japan	45%	442,287	101,707

FINANCIAL STATEMENTS 1 January – 31 December

7 Statement of changes in equity

DKK'000

	Share capital	Retained earnings	Total
Equity at 1 January 2015	254,514	581,532	836,046
Profit for the year	0	1,030,585	1,030,585
Equity at 31 December 2015	254,514	1,612,117	1,866,631

In the period 2009 to 2012 the share capital was 250,000 DKK'000. In 2013 the share capital was increased by 4,514 DKK'000.

8 Contractual obligations and contingencies, etc.

The Company is jointly taxed with other Danish companies in the Danfoss Group. Together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

9 Group information

Danfoss A/S prepares the consolidated financial statements in which the Company is included as a subsidiary.

The consolidated financial statements are available at www.danfoss.com