

Sondex Holding A/S
Central Business Registration No
20311495
Marsvej 5
6000 Kolding

Annual report 2015

The Annual General Meeting adopted the annual report on 31.05.2016

Chairman of the General Meeting

Name: Aage Søndergaard Nielsen

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Entity details

Entity

Sondex Holding A/S
Marsvej 5
6000 Kolding

Central Business Registration No: 20311495

Registered in: Kolding, Denmark

Financial year: 01.01.2015 - 31.12.2015

Phone: +4576306100

Fax: +4575542168

Internet: www.sondex.dk

E-mail: info@sondex.dk

Board of Directors

Inge Margrethe Nielsen, chairman

Aage Søndergaard Nielsen

Mikkel Søndergaard Nielsen

Louise Søndergaard Andersen

Executive Board

Aage Søndergaard Nielsen

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Sondex Holding 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 consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2015 and of their financial performance 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.

Kolding, 31.05.2016

Executive Board

Aage Søndergaard Nielsen

Board of Directors

Inge Margrethe Nielsen
chairman

Aage Søndergaard Nielsen

Mikkel Søndergaard Nielsen

Louise Søndergaard Andersen

Independent auditor's reports

To the owners of Sondex Holding A/S Report on the financial statements

We have audited the consolidated financial statements and parent financial statements of Sondex Holding 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 for the Group as well as for the Parent. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent 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 consolidated financial statements and parent 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 consolidated financial statements and parent 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 parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent 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 consolidated financial statements and parent 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 consolidated financial statements and parent financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2015, and of the results of their operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statement.

Independent auditor's reports

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

Kolding, 31.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Anders Rosendahl Poulsen
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	960.688	965.984	791.767	863.849	821.769
Gross profit/loss	385.612	361.407	314.841	317.101	297.653
Operating profit/loss	128.219	114.317	98.369	109.625	115.480
Net financials	4.086	(6.799)	1.738	(2.986)	(4.790)
Profit/loss for the year	95.243	72.136	65.365	71.165	73.812
Total assets	994.142	916.878	841.359	812.655	769.764
Investments in property, plant and equipment	76.386	75.420	94.962	81.983	33.763
Equity	696.398	622.494	579.296	564.100	506.456
Invested capital including goodwill	709.266	633.422	594.984	549.519	470.424
Interest bearing debt, net	(35.438)	(24.978)	(62.472)	166	(62.575)
Ratios					
Return on invested capital including goodwill (%)	18,1	18,3	16,7	20,0	24,5
Turnover invested capital	1,4	1,5	1,3	1,6	1,7
Return on equity (%)	14,4	12,0	11,4	13,3	15,3
Equity ratio (%)	70,1	67,9	68,9	69,4	65,8
EBITA margin	13,3	11,8	12,4	12,7	14,1

Management commentary

		Sondex Holding A/S			
Sondex A/S – Denmark	100%	100%	Sondex Heat Exchanger (Taicang) Co., Ltd. - China		
Sondex Service A/S - Denmark	100%	100%	Sondex Properties Inc.		
Dan Pumps A/S - Denmark	70%	100%	Sondex PHE S.R.O., Slovakia		
Sondex Pumps A/S – Denmark	100%	100%	Sondex Sp Z.o.o. v Poland		
Sondex Inc – USA	100%	100%	Sondex Braze Sp Z.o.o. – Poland		
	75%				
Polaris PHE LLC – USA		100%	Sondex Polska Sp Z.o.o. - Poland		
Sondex Australia PTY LTD – Australia	100%	100%	Sondex Poland Sp Z.o.o. – Poland		
	100%				
Sondex Engineering Pty Ltd – Australia		100%			
Sondex New Zealand LTD		100%	Sondex Korea LLC – Korea		
Sondex Teknik A/S - Denmark	100%	100%	Sondex Heat Exchangers India Private Ltd., India		
Sondex Italia s.r.l. – Italy	75%	100%	Sondex Heat Exchangers Malaysia SDN. BHD. - Malaysia		
Sondex Holding BV – The Netherlands	51%	60%	Sondex South East Asia PTE Ltd. – Singapore		
	100%				
Sondex BV – The Netherlands			100%	PT Sondex Indonesia	
				Vietnam (sales office only)	
Sondex Deutschland GmbH – Germany	80%	51%	Sondex Tanpera - Turkey		
Sondex France SARL – France	100%	51%	Sondex Tapiro OY AB – Finland		
Gulf Sondex FZCO – Dubai	90%	100%	Sondex Dis Ticaret Limited St. - Tyrkey		
	70%				
Sondex Saudi Arabia		100%	Sondex JV East Holding A/S - Denmark		
Sondex UK Ltd. - England	100%	100%	Sondex Rusland Holding ApS		
S.C. Sondex Romania SRL – Romania	100%	100%	Sondex Production SRL - Romania		
Sondex Hőcserezők Magyarország KFT –Hungary	100%	100%	Sondex Unit A/S		
Sondex Ningbo Phe Co. Ltd. - China	100%	100%	Sondex Brazil Ltda		

Management commentary

Primary activities

The Group's primary activity is production of plate heat exchangers sold on the home market and export markets.

Development in activities and finances

The profit for 2015 amounted to DKK 95m, which is considered very satisfactory.

Our primary activity is still sale/production and development of plate heat exchangers. An increasing part of our production has gradually been moved to growth areas, especially China and the US as well as to low cost areas such as Romania and India.

The increasing price competition, which is a result of the present crisis, has required a focus on a reduced product price. In this connection it has resulted in relatively enhanced competitiveness in relation to specifically small and medium-sized plates that we have moved part of this production to low cost areas, where also the biggest growth is taking place.

The start-up of new group enterprises worldwide will continue to be of high priority.

Further relocation of the plate production to other growth areas and improved profitability has been planned and under implementation.

The primary development continues to be concentrated on new types of plate heat exchangers. Moreover, we have started to develop new complementary products for our present product programme. The new products are expected to contribute positively to our earnings during 2016.

One of the more recent products is "Pumps" which was initiated in 2011 via the subsidiary, Sondex Pumps A/S.

The Danish tax authorities have for a longer period reviewed the intra-group transactions. During all years the transactions have been conducted on an arm's length basis. However, the Danish tax authorities have adopted another view and made a proposal for an increase of the Group's tax assessments in previous years. The Group fully disagrees with the Danish tax authorities and have completely rejected the proposal from the Danish tax authorities. Should the court instances decide in favour of the Danish tax authorities, the matter will result in considerable tax payments for a subsidiary. On group level it will, however, not result in any major financial burden as, if so, a corresponding reduction will have to be made in other group companies.

The Group has chosen to make a provision in the financial statements for potential expenses and interests as a result of the case.

Management commentary

Outlook

For 2016 an increase in revenue and EBIT is expected.

Particular risks

Currency risks

The activities abroad entail that the Group is influenced by changes in exchange rates. Based on actual risk assessments hedging transactions are made by the Group to cover these risks.

Environmental performance

The Group's activities have environmental impact by way of production and transport. The Group complies with the current environmental legislation and is currently working to minimise the environmental impact, but has no written policy regarding reduction of climate impact from the activity of the business.

Research and development activities

The Group is currently working on the development of new products and optimisation of well-known products.

Corporate social responsibility

The Group has adopted a CSR policy which appears from the Group's website:

<http://www.sondex.net/Sondex-Global/CSR-Policy.aspx>

At present the Company has no assessments regarding the impact.

Policies and target figures for the gender distribution of Management

The Group has adopted an overall policy on diversity in management levels of the organisation. It is the Group's policy that all employees should be treated equally without regard to gender, race or religion. Thus, the career options and conditions for men and women are equal.

The Group has an overall target that both gender are represented in the Board of Directors. At present the Parent Company's Board of Directors consists of 50% women and 50% men.

Events after the balance sheet date

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).

The accounting policies applied for this consolidated financial statements and parent financial statements are consistent with those applied last year.

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.

Consolidated financial statements

The consolidated financial statements comprise Sondex Holding A/S (Parent) and the group enterprises (subsidiaries) that are controlled by the Parent, see group chart on page 6. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Accounting policies

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary write-downs of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including government grants, rental income and licensing income etc.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

Accounting policies

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Other external expenses also include research costs and costs of development projects that do not meet the criteria for recognition in the balance sheet.

Staff costs

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

Amortisation, depreciation and impairment losses

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

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

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

The 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.

The Parent is jointly taxed with all of its Danish subsidiaries. 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).

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is three to five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Accounting policies

Buildings	10-40 years
Plant and machinery	3-7 years

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

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement under other operating income or under operating expenses.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

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.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

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

Inventories

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

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

Accounting policies

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

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

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

Other investments

Securities recognised under current assets comprise listed bonds and investments measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Proposed dividend is recognised as a liability in accordance with section 48 of the Danish Financial Statements Act.

Minority interests

Minority interests consist of non-controlling interests share of equity in subsidiaries not 100% owned by the parent company.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Accounting policies

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

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.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

Referring to section 86 of the Danish Financial Statements Act, Sondex Holding A/S has not prepared any cash flow statement.

Accounting policies

Financial highlights

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

Ratios	Calculation formula	Ratios reflect
Return on invested capital incl goodwill (%)	$\frac{\text{EBITA} \times 100}{\text{Average invested capital incl goodwill}}$	The return generated by the Entity on the investors' funds.
Revenue/Invested capital incl goodwill	$\frac{\text{Revenue}}{\text{Average invested capital incl goodwill}}$	Turnover rate of capital employed by the Entity.
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.
Soliditetsgrad (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.
EBITA margin	$\frac{\text{EBITA} \times 100}{\text{Revenue}}$	The Entity's operating profitability

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus property, plant and equipment and intangible assets as well as accumulated amortisation of goodwill, and minus other provisions and other long-term operating liabilities. Accumulated impairment losses on goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income tax receivable and payable as well as cash are not included in net working capital.

Accounting policies

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

Consolidated income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Revenue	1	960.688	965.984
Changes in inventories of finished goods and work in progress		13.291	18.469
Other operating income		12.460	7.815
Costs of raw materials and consumables		(520.004)	(545.330)
Other external expenses	4	<u>(80.823)</u>	<u>(85.531)</u>
Gross profit/loss		385.612	361.407
Staff costs	2	(230.050)	(217.503)
Depreciation, amortisation and impairment losses	3	<u>(27.343)</u>	<u>(29.587)</u>
Operating profit/loss		128.219	114.317
Other financial income		12.976	6.784
Other financial expenses		<u>(8.890)</u>	<u>(13.583)</u>
Profit/loss from ordinary activities before tax		132.305	107.518
Tax on profit/loss from ordinary activities	5	<u>(31.537)</u>	<u>(29.754)</u>
Consolidated profit/loss		100.768	77.764
Minority interests' share of profit/loss		<u>(5.525)</u>	<u>(5.628)</u>
Profit/loss for the year		<u>95.243</u>	<u>72.136</u>
Proposed distribution of profit/loss			
Dividend for the financial year recognised in liabilities other than provisions		40.000	40.000
Retained earnings		<u>55.243</u>	<u>32.136</u>
		<u>95.243</u>	<u>72.136</u>

Consolidated balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Completed development projects		100	127
Acquired rights		551	478
Intangible assets	6	<u>651</u>	<u>605</u>
Land and buildings		207.300	177.134
Plant and machinery		87.925	75.960
Property, plant and equipment in progress		7.973	8.965
Property, plant and equipment	7	<u>303.198</u>	<u>262.059</u>
Deposits		3.627	3.239
Other receivables		3.941	3.917
Fixed asset investments	8	<u>7.568</u>	<u>7.156</u>
Fixed assets		<u>311.417</u>	<u>269.820</u>
Raw materials and consumables		200.597	191.761
Work in progress		44.709	34.387
Manufactured goods and goods for resale		72.533	69.564
Inventories		<u>317.839</u>	<u>295.712</u>
Trade receivables		213.735	196.536
Receivables from group enterprises	9	14.493	0
Deferred tax assets		6.165	7.294
Other short-term receivables		14.230	14.941
Income tax receivable		0	2.567
Prepayments		4.849	6.073
Receivables		<u>253.472</u>	<u>227.411</u>
Other investments		3	622
Other investments		<u>3</u>	<u>622</u>
Cash		<u>111.411</u>	<u>123.313</u>
Current assets		<u>682.725</u>	<u>647.058</u>
Assets		<u>994.142</u>	<u>916.878</u>

Consolidated balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital		15.000	15.000
Retained earnings		<u>681.398</u>	<u>607.494</u>
Equity		<u>696.398</u>	<u>622.494</u>
Minority interests	10	<u>32.116</u>	<u>31.164</u>
Other provisions	11	<u>22.556</u>	<u>22.402</u>
Provisions		<u>22.556</u>	<u>22.402</u>
Mortgage debts		28.857	33.368
Bank loans		5.240	6.231
Finance lease liabilities		<u>295</u>	<u>355</u>
Non-current liabilities other than provisions	12	<u>34.392</u>	<u>39.954</u>
Current portion of long-term liabilities other than provisions	12	4.441	4.264
Bank loans		33.709	57.306
Trade payables		57.342	49.675
Income tax payable		17.927	0
Other payables		54.064	48.780
Deferred income		1.197	839
Proposed dividend for the year		<u>40.000</u>	<u>40.000</u>
Current liabilities other than provisions		<u>208.680</u>	<u>200.864</u>
Liabilities other than provisions		<u>243.072</u>	<u>240.818</u>
Equity and liabilities		<u>994.142</u>	<u>916.878</u>
Contingent liabilities	13		
Mortgages and securities	14		
Consolidation	15		

Consolidated statement of changes in equity for 2015

	Contri- buted capi- tal DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	15.000	607.494	622.494
Exchange rate adjustments	0	18.571	18.571
Fair value adjustments of hedging instruments	0	156	156
Other adjustments	0	(66)	(66)
Profit/loss for the year	0	55.243	55.243
Equity end of year	15.000	681.398	696.398

Notes to consolidated financial statements

1. Revenue

	2015 DKK'000	2014 DKK'000
Sale domestic	69.614	62.491
Sale abroad	891.074	903.493
	<u>960.688</u>	<u>965.984</u>

The Group's primary segment – the business segment – only comprises production and sale of plate heat exchangers. Secondary segment is geographical sales areas.

	2015 DKK'000	2014 DKK'000
2. Staff costs		
Wages and salaries	198.454	189.940
Pension costs	18.925	17.302
Other social security costs	12.671	10.261
	<u>230.050</u>	<u>217.503</u>

Average number of employees	<u>1.186</u>	<u>1.029</u>
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	Remune- ration of manage- ment 2015 DKK'000	Remune- ration of manage- ment 2014 DKK'000
Total amount for management categories	<u>1.444</u>	<u>2.253</u>
	<u>1.444</u>	<u>2.253</u>

	2015 DKK'000	2014 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	489	1.374
Depreciation of property, plant and equipment	26.854	28.213
	<u>27.343</u>	<u>29.587</u>

Notes to consolidated financial statements

	2015	2014
	DKK'000	DKK'000
4. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	134	106
Other assurance engagements	1.631	1.355
Tax services	458	460
Other services	365	443
	2.588	2.364
	2015	2014
	DKK'000	DKK'000
5. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	34.947	32.469
Change in deferred tax for the year	(2.679)	(2.943)
Adjustment concerning previous years	(731)	228
	31.537	29.754
	Completed develop- ment pro- jects	Acquired rights
	DKK'000	DKK'000
6. Intangible assets		
Cost beginning of year	2.233	2.270
Exchange rate adjustments	0	51
Additions	97	445
Disposals	(1.225)	(66)
Cost end of year	1.105	2.700
Amortisation and impairment losses beginning of year	(2.106)	(1.792)
Exchange rate adjustments	0	(38)
Amortisation for the year	(124)	(365)
Reversal regarding disposals	1.225	46
Amortisation and impairment losses end of year	(1.005)	(2.149)
Carrying amount end of year	100	551

Notes to consolidated financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Property, plant and equipment in progress DKK'000
7. Property, plant and equipment			
Cost beginning of year	206.602	201.070	8.965
Exchange rate adjustments	3.679	4.100	(4)
Additions	33.671	32.694	10.021
Disposals	(76)	(9.170)	(11.009)
Cost end of year	<u>243.876</u>	<u>228.694</u>	<u>7.973</u>
Depreciation and impairment losses beginning of the year	(29.468)	(125.110)	0
Exchange rate adjustments	(832)	(2.330)	0
Depreciation for the year	(6.276)	(20.578)	0
Reversal regarding disposals	0	7.249	0
Depreciation and impairment losses end of the year	<u>(36.576)</u>	<u>(140.769)</u>	<u>0</u>
Carrying amount end of year	<u>207.300</u>	<u>87.925</u>	<u>7.973</u>
		Deposits DKK'000	Other recei- vables DKK'000
8. Fixed asset investments			
Cost beginning of year		3.239	3.917
Exchange rate adjustments		39	11
Additions		594	791
Disposals		(245)	(778)
Cost end of year		<u>3.627</u>	<u>3.941</u>
Carrying amount end of year		<u>3.627</u>	<u>3.941</u>

Notes to consolidated financial statements

9. Short-term receivables from group enterprises

Receivables from ASN Sondex A/S.

10. Minority interests

	2015	2014
	DKK'000	DKK'000
Minority interests beginning of year	31.164	27.979
Share of profit/loss for the year	5.525	5.628
Share of dividend	(4.639)	(4.141)
Disposals on purchase of minority interests	(1.052)	(3.424)
Additions on purchase of minority interests	50	4.414
Exchange rate adjustment	1.199	708
Adjustment	(81)	0
Minority interests end of year	32.166	31.164

11. Other provisions

Other provisions comprise guarantee provisions.

	Instalments within 12 months 2015 DKK'000	Instalments within 12 months 2014 DKK'000	Instalments beyond 12 months 2015 DKK'000	Outstanding after 5 years DKK'000
12. Long-term liabilities other than provisions				
Mortgage debts	2.067	2.118	28.857	22.826
Bank loans	2.092	1.773	5.240	0
Finance lease liabilities	282	373	295	0
	4.441	4.264	34.392	22.826

13. Contingent liabilities

	2015	2014
	DKK'000	DKK'000
The Group has guaranteed for bank debt. The maximum limit of the guarantee is DKK 6.000k. Bank debt amounts to	<u>0</u>	<u>628</u>
The Group has given collateral and submitted joint surety for bank debt. Bank debt amounts to	<u>1.947</u>	<u>3.625</u>

The Group has provided a bank guarantee of totally DKK 17.409k concerning concluded work contracts.

Notes to consolidated financial statements

The Group has concluded lease contracts concerning lease of premises (The lease contracts may be cancelled with 1-2 years' notice) and operating lease contracts on cars and xerox copiers etc.

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
Annual rent and lease payments	<u>7.233</u>	<u>6.253</u>

The Group participates in a Danish joint taxation arrangement in which ASN Sondex A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group 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.

Tax case

In Management's opinion, intra-group transactions have been conducted on an arm's length basis. However, the Danish tax authorities have adopted another view and made a proposal for an increase of the Group's tax assessments in previous years. The Group fully disagrees with the Danish tax authorities and have completely rejected the proposal from the Danish tax authorities. Should the court instances decide in favour of the Danish tax authorities, the matter will result in considerable tax payments for a subsidiary. On group level it will, however, not result in any major financial burden as, if so, a corresponding reduction will have to be made in other group companies.

14. Mortgages and securities

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
Mortgage debt is secured by way of mortgage on properties.		
Carrying amount of mortgaged properties	<u>81.785</u>	<u>64.215</u>
Bank debt is secured by way of a deposited letter of indemnity of DKK 3,000k nominal.		
Carrying amount of mortgaged properties	<u>7.087</u>	<u>7.382</u>

15. Consolidation

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

ASN Sondex A/S, Central Business Registration No 31 61 88 78

Parent income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Revenue		497	537
Other operating income		2.972	0
Other external expenses	2	<u>1.714</u>	<u>(3.735)</u>
Gross profit/loss		5.183	(3.198)
Depreciation, amortisation and impairment losses	1	<u>(99)</u>	<u>(131)</u>
Operating profit/loss		5.084	(3.329)
Income from investments in group enterprises		89.311	76.031
Other financial income	3	2.244	760
Other financial expenses	4	<u>(1.201)</u>	<u>(1.754)</u>
Profit/loss from ordinary activities before tax		95.438	71.708
Tax on profit/loss from ordinary activities	5	<u>(195)</u>	<u>428</u>
Profit/loss for the year		<u>95.243</u>	<u>72.136</u>
Proposed distribution of profit/loss			
Dividend for the financial year recognised in liabilities other than provisions		40.000	40.000
Reserve for net revaluation according to the equity method		89.311	76.031
Retained earnings		<u>(34.068)</u>	<u>(43.895)</u>
		<u>95.243</u>	<u>72.136</u>

Parent balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Land and buildings		0	5.376
Property, plant and equipment	6	<u>0</u>	<u>5.376</u>
Investments in group enterprises		622.127	588.670
Receivables from group enterprises		66.014	31.605
Fixed asset investments	7	<u>688.141</u>	<u>620.275</u>
Fixed assets		<u>688.141</u>	<u>625.651</u>
Dividends receivable from group enterprises		51.119	50.000
Deferred tax assets		0	428
Other short-term receivables		797	1.102
Income tax receivable		0	750
Receivables		<u>51.916</u>	<u>52.280</u>
Cash		<u>9.126</u>	<u>3.547</u>
Current assets		<u>61.042</u>	<u>55.827</u>
Assets		<u>749.183</u>	<u>681.478</u>

Parent balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital	8	15.000	15.000
Reserve for net revaluation according to the equity method		327.945	313.480
Retained earnings		<u>353.453</u>	<u>294.015</u>
Equity		<u>696.398</u>	<u>622.495</u>
Bank loans		11.589	11.455
Payables to group enterprises		24	4.498
Income tax payable		187	0
Other payables		985	3.030
Proposed dividend for the year		<u>40.000</u>	<u>40.000</u>
Current liabilities other than provisions		<u>52.785</u>	<u>58.983</u>
Liabilities other than provisions		<u>52.785</u>	<u>58.983</u>
Equity and liabilities		<u>749.183</u>	<u>681.478</u>
Contingent liabilities	9		
Related parties with controlling interest	10		
Ownership	11		

Parent statement of changes in equity for 2015

	Contri- buted capi- tal DKK'000	Reserve for net revaluation according to the equi- ty method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	15.000	313.480	294.015	622.495
Effect of divestments of entities etc	0	11.731	(11.731)	0
Exchange rate adjustments	0	18.571	0	18.571
Other adjustments	0	89	0	89
Distributed dividends from group enterpri- ses	0	(105.237)	105.237	0
Profit/loss for the year	0	89.311	(34.068)	55.243
Equity end of year	15.000	327.945	353.453	696.398

Notes to parent financial statements

	2015	2014
	DKK'000	DKK'000
1. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	99	131
	99	131
	2015	2014
	DKK'000	DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	60	60
Other services	74	46
	134	106
	2015	2014
	DKK'000	DKK'000
3. Other financial income		
Financial income arising from group enterprises	1.019	725
Other financial income	1.225	35
	2.244	760
	2015	2014
	DKK'000	DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	0	586
Other financial expenses	1.201	1.168
	1.201	1.754
	2015	2014
	DKK'000	DKK'000
5. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	187	0
Change in deferred tax for the year	0	(428)
Adjustment concerning previous years	8	0
	195	(428)

Notes to parent financial statements

	Land and buildings DKK'000
6. Property, plant and equipment	
Cost beginning of year	6.755
Disposals	<u>(6.755)</u>
Cost end of year	<u>0</u>
Depreciation and impairment losses beginning of the year	(1.379)
Depreciation for the year	(99)
Reversal regarding disposals	<u>1.478</u>
Depreciation and impairment losses end of the year	<u>0</u>
Carrying amount end of year	<u>0</u>

	Investments in group enter- prises DKK'000	Receivables from group enterprises DKK'000
7. Fixed asset investments		
Cost beginning of year	275.190	31.605
Additions	30.722	46.980
Disposals	<u>(11.730)</u>	<u>(12.571)</u>
Cost end of year	<u>294.182</u>	<u>66.014</u>
Revaluations beginning of year	313.480	0
Exchange rate adjustments	18.571	0
Adjustments on equity	89	0
Share of profit/loss for the year	89.312	0
Dividend	(105.237)	0
Reversal regarding disposals	<u>11.730</u>	<u>0</u>
Revaluations end of year	<u>327.945</u>	<u>0</u>
Carrying amount end of year	<u>622.127</u>	<u>66.014</u>

	Number	Par value DKK'000	Nominal value DKK'000
8. Contributed capital			
A-shares	1.500	1.000	1.500
B-shares	<u>13.500</u>	1.000	<u>13.500</u>
	<u>15.000</u>		<u>15.000</u>

There has been no changes in the share capital in the past five financial years.

Notes to parent financial statements

9. Contingent liabilities

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
The Company has given collateral and submitted joint surety for bank debt. Bank debt amounts to	<u>5.765</u>	<u>3.625</u>

The Company has provided bank guarantees with a maximum limit of totally DKK 22.609k regarding subsidiaries.

The Company has provided a letter of support to a subsidiary. The Company has committed itself to providing sufficient cash to the subsidiary until the 31 of December 2016.

The Company has provided a guarantee to Sondex A/S regarding payment of receivables from other Group companies.

The Company participates in a Danish joint taxation arrangement in which ASN Sondex A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2011 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.

Tax case

In Management's opinion, intra-group transactions have been conducted on an arm's length basis. However, the Danish tax authorities have adopted another view and made a proposal for an increase of the Group's tax assessments in previous years. The Group fully disagrees with the Danish tax authorities and have completely rejected the proposal from the Danish tax authorities. Should the court instances decide in favour of the Danish tax authorities, the matter will result in considerable tax payments for a subsidiary. On group level it will, however, not result in any major financial burden as, if so, a corresponding reduction will have to be made in other group companies.

10. Related parties with controlling interest

The following related parties have a controlling interest in the Sondex Holding A/S Group:

<u>Name</u>	<u>Registered office</u>	<u>Basis of influence</u>
ASN Sondex A/S (Central Business Registration No. 31 61 88 78)	Marsvej 5, Kolding, Denmark	Possession of shares

Notes to parent financial statements

11. Ownership

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

ASN Sondex A/S, Marsvej 5, 6000 Kolding, Denmark (Central Business Registration No 31 61 88 78)

MSN Sondex A/S, Marsvej 5, 6000 Kolding, Denmark (Central Business Registration No 31 61 88 35)

LSN Sondex A/S, Marsvej 5, 6000 Kolding, Denmark (Central Business Registration No 31 61 88 27)