Annual Report 2015

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report for 2015 of Brüel & Kjær Sound & Vibration Measurement A/S.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations 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 Company's operations and financial matters and the results of the Company's operations and financial position.

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

Nærum, 11 May 2016

Executive Board:

Søren Holst
CEO

Bjarne Grølsted-Kristensen
CFO

Board of Directors:

Eoghan O'Lionaird
Chairman

Clive Graeme Watson
Vice Chairman

Søren Holst

Bjarne Grølsted-Kristensen

Torben Bjørn

Lone Kjeldsen
(Employee representative)

Tommy Larsen
(Employee representative)

Lars Birger Nielsen
(Employee representative)

Independent auditors' report

To the shareholders of Brüel & Kjær Sound & Vibration Measurement A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Brüel & Kjær Sound & Vibration Measurement A/S for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 auditors consider 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 opinion.

Our audit has not resulted in any qualification.

Opinion

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

Statement on the Management's review

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

Copenhagen, 11 May 2016
KPMG
Statsautoriseret Revisionspartnerselskab
CVR-No: 25 57 81 98

David Olafsson	Kenn W. Hansen
State Authorised	State Authorised
Public Accountant	Public Accountant

Management's review

Company details

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Skodsborgvej 307
2850 Nærum

Telephone:	+45 77 41 20 00
Fax:	+45 45 80 14 05
Web-site:	www.bksv.com
E-mail:	info@bksv.com
Registration No:	23 95 84 14
Established:	3 September 1957
Registered office:	Rudersdal

Executive Board

Søren Holst, CEO
Bjarne Grølsted-Kristensen, CFO

Board of Directors

Eoghan O'Lionaird (chairman)
Clive Graeme Watson (vice chairman)
Søren Holst
Bjarne Grølsted-Kristensen
Torben Bjørn
Lone Kjeldsen (employee representative)
Tommy Larsen (employee representative)
Lars Birger Nielsen (employee representative)

Auditor

KPMG Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen Ø

Annual General Meeting

The Annual General Meeting will be held on 11 May 2016 at the company's address.

Management's review

Financial highlights

DKK million	2015	2014	2013	2012	2011
Key figures					
Revenue	1,053.9	1,017.4	958.5	1,040.3	991.0
Ordinary operating profit/loss	209.3	182.6	125.2	205.1	186.0
Profit/loss from financial items	1.9	-3.1	-4.9	-6.2	3.2
Profit/loss for the year	**162.0**	**135.7**	**88.4**	**149.6**	**143.4**
Fixed assets	154.5	160.6	164.3	171.0	179.6
Current assets	476.8	448.2	398.9	504.0	489.5
Total assets	**631.3**	**608.8**	**563.2**	**675.0**	**669.1**
Share capital	102.0	102.0	102.0	102.0	102.0
Equity	**356.8**	**344.3**	**312.5**	**396.6**	**379.4**
Provisions	16.0	11.5	9.5	9.4	9.7
Long-term liabilities other than provisions	-	-	-	11.0	15.0
Short-term liabilities other than provisions	258.4	253.0	241.2	258.1	265.0
Financial ratios					
Operating margin	20 %	18 %	13 %	20 %	19 %
Equity ratio	57 %	57 %	55 %	59 %	57 %
Return on equity	46 %	41 %	25 %	39 %	42 %
Average number of employees	**478**	**486**	**490**	**496**	**485**

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies (page 17).

Management's review

Operating Review

Principal Brüel & Kjær Activities

Brüel & Kjær Sound & Vibration Measurement A/S (Brüel & Kjær) develops and markets products and services relating to sound and vibration.

The company undertakes the developing, manufacturing and marketing directly from the factory in Nærum, Denmark. Sale takes place through a network of affiliated sales companies and agents.

Brüel & Kjær's Management has operational control over the activities of the affiliated companies although the legal ownership lies elsewhere within Spectris plc.

Development in Activities and Financial Position

Sales and profit increased in 2015 compared to 2014 due to higher sales through affiliated sales companies. Profit before tax for the year is DKK 212 million, compared with DKK 180 million in 2014, i.e. an increase of 18%.

Total sales revenue increased by 4% and gross profit increased by 6% due to improved sales mix.

During 2015 the company's working capital was under continued tight control. Intercompany receivables increased by DKK 50 million, mainly affected from the short term loan with Spectris plc.

Equity amounts to DKK 356.8 million at the end of the year. The average return on equity was 46% compared to 41% in 2014.

The 2015 result is considered to be satisfactory compared to expectations.

Research and Development Activities

Our research and development activities continue to focus on improving our solutions to further enhance our competitiveness in the core market segments. Our research team is involved in a number of international, cooperative research projects with major customers, universities and other partners.

Risk Management

General Risks

The company is continuously looking for ways to minimise its business risks. So far we have successfully maintained our prices by focusing on differentiating our product offerings from competition, both in terms of quality and performance.

On the supply side, we continue to maintain our technical advantage by having close relationships with major suppliers. In addition, a larger part of the company's products are manufactured in the Far East, which contributes to ensuring competitive prices and minimising production capacity challenges at the Nærum factory.

Financial Risks

Foreign Exchange

It is our policy to let our sales and production companies operate in their local currency wherever possible. This means that Brüel & Kjær takes the majority of the exchange risk relating to cash flows arising from transactions between the factory and the affiliated companies. Like previous years, Brüel & Kjær has used Forward Exchange Contracts to ensure its most important currency risks.

Interest

The cash and bank debt of the company are at interest rates approximating to current market rates. The cash position with the holding company is at interest rates pegged to market rates, which are varied when necessary.

Credit

Receivables are mainly trade receivables with customers worldwide and other group companies. Brüel & Kjær adopts a conservative approach to credit control and credit rates all of its customers. The occurrence of losses on debtors is therefore small.

Intellectual Capital

All Brüel & Kjær employees are important contributors to the business – from developing a Brüel & Kjær product to implementing solutions for our customers. We focus on maintaining and developing our employees to ensure continuity in our product development.

Environmental Issues

Brüel & Kjær works systematically with security and protection of the environment and is committed to always improving our performance in this area. The Company has an ISO 14001 certification.

Outlook

The general economy in our key markets is affected by uncertainty of the impact of the economic slowdown in China and South America. However, we do expect that sales and earnings again will improve compared with prior year. Sales and earnings in Q1 2016 is above 2015 level.

Corporate Social Responsibility

The ultimate parent company of the group, Spectris Plc., has in its published annual report for 2015 set out the Corporate Social Responsibility for the group. Please refer to the annual report 2015 for Spectris Plc. and further details at: http://www.spectris.com/investors/reports-results-and-presentations/2016.

Gender distribution

Brüel & Kjær believes that members of the Board of Directors and other management levels should be chosen for their overall competences. The Board of Directors also recognizes the benefits of a diverse management group in respect of experience, style, culture, education, international background and gender.

It is the company's policy to attract, develop and maintain qualified candidates for all open positions including management positions. Women and men are invited equally to apply for all relevant positions and take responsibility for their own learning and development.

When recruiting externally for management positions it is a requirement that both male and female candidates are presented to the company, even though the company operates in a male dominated environment. Same procedure is implemented for internal candidates.

To support the target of a more even gender distribution, the company has started initiatives to support the development of leadership potential among women. A specific Competency & Talent Program will be rolled out in 2016 focusing on current managers and talent below manager level. It is a requirement for the program to appoint candidates of both gender.

The proportion of the underrepresented gender for the board of directors was 0% in 2015. The target is to increase the percentage for the board of directors to 20% in 2019 (1 out of 5 members). Employee representatives does not count in this calculation according to rules on this area.

Brüel & Kjær S&V A/S's objective is to increase the proportion of the underrepresented gender on *all management levels* from 22% in 2013 to 24% by 2016. In 2015 the proportion of the underrepresented gender was 25%.

Other

The company has a branch in Sweden, which is responsible for sales in the Swedish market. Figures related to the Swedish branch is included in the annual report.

Subsequent Events

No subsequent events, which could have a material impact on the Annual Report for 2015, have occurred after 31 December 2015.

Financial statements for the year ended 31 December

Accounting policies

The Annual Report of Brüel & Kjær Sound & Vibration Measurement A/S for 2015 has been prepared in accordance with the provisions applying to class C enterprises (large) under the Danish Financial Statements Act.

Pursuant to Section 86 (4) of the Financial Statements Act, the Company has not prepared a cash flow statement. Further pursuant to Section 96 (3) of the Financial Statement Act, the company has not disclosed fee for auditors appointed at the general meeting.

The accounting policies applied are consistent with those of the preceding year.

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 value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

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.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Foreign currency translation

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

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

Fixed assets acquired in foreign currencies are translated at the exchange rates at the transaction date.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value.

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 fair 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 assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

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

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. The net revenue from sale of service contracts is recognised in the income statement over the term of the individual contracts.

Construction contracts are recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method). When the income from a construction contract cannot be estimated reliably, revenue is recognized only corresponding to the costs incurred to the extent that it is probable that they will be recovered.

Revenue is measured ex VAT, taxes and discounts in relation to the sale.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Other operating income and costs

Other operating income and costs comprise items of a nature secondary to that of the principal activities of the enterprises.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

The parent company Spectris Denmark ApS is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carry forwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

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.

Balance sheet

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers, and wages and salaries.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	40 years
Plant and machinery	10 years
Fixtures and fittings, tools and equipment	3-10 years

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other external costs.

Leases

On initial recognition, leases for fixed assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of future lease payments the interest rate implicit in the lease or a rate that approximates this rate is used as the discount factor. Assets held under finance leases are depreciated as the Company's other fixed assets.

The capitalised residual obligation is recognised in the balance sheet as a liability and the interest element of the lease payments is recognised in the income statement over the term of the lease.

All other leases are treated as operating leases. Payments relating to operating and other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating and other leases are disclosed under contingencies and securities, etc.

Impairment of assets

The carrying amount of intangible assets, property and plant is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not recognised in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

Contract work in progress

Contract work in progress is measured at sales value of the work performed less progress billing and expected loss.

The sales value is recognised based on an evaluation of the completion rate at year end and the expected income earned from the individual contract. The completion rate is determined based on an individual evaluation of the work performed on each contract.

If it is expected that all costs on an individual contract will exceed the total income, the expected loss is recognised as a cost in the income statement when recognised.

If the value of an individual contract cannot be measured reliably, the sales value is measured only as costs incurred to the extent that it is likely that they will be recovered.

If the value of work performed on individual contracts is higher than the progress billing and expected loss, the value is recognised as trade receivables. If the value of work performed on individual contracts are below the expected sales value and loss, the value is recognised as a provision.

Pre-payments from customers are recognised as provisions.

Sales costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is objective evidence that a receivable has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

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

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity - Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

The joint taxation system means that the company's tax obligation is settled when payment to the administration company (Spectris Denmark ApS) are made.

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Change in deferred tax as a consequence of changed tax rate is recognised in the income statement.

Other provisions

Provisions comprise anticipated costs related to warranties and deferred tax. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranties comprise obligations to make good any defects within the warranty period. Provisions for warranties are measured and recognised based on past experience.

Financial liabilities

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

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Financial ratios

The financial ratios have been prepared in acordance with the Danish Society of Financial Analysts' guidelines "Recommendations and Financial Ratios 2015".

Operating margin $$\frac{\text{Operating profit x 100}}{\text{Revenue}}$$

Equity ratio $$\frac{\text{Equity, at year end x 100}}{\text{Total equity \& liabilities at year end}}$$

Return on equity $$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$$

Financial statements for the period 1 January - 31 December

Income statement

DKK'000	Note	2015	2014
Revenue	1	1,053,855	1,017,411
Production costs		-488,879	-485,859
Gross profit		564,976	531,552
Other external costs		-99,655	-98,229
Staff costs	2	-242,961	-232,496
Depreciation and amortisation	6	-13,096	-18,236
Profit on ordinary activities		209,264	182,591
Other operating income		662	565
Operating profit		209,926	183,156
Financial income	3	2,382	1
Financial expenses	4	-527	-3,120
Profit for the year before tax		211,781	180,037
Tax on profit for the year	5	-49,761	-44,308
Profit for the year		162,020	135,729

Proposed distribution of profit		
Proposed dividends	162,000	150,000
Retained earnings	20	-14,271
	162,020	135,729

Financial statements for the period 1 January - 31 December

Balance sheet

DKK'000	Note	2015	2014
ASSETS			
Fixed assets			
Property, plant and equipment	6		
Land and buildings		112,973	117,043
Production plant and machinery		14,359	15,186
Fixtures and fittings, tools and equipment		23,721	11,862
Property, plant and equipment under construction		3,494	16,468
Total fixed assets		154,547	160,559
Current assets			
Inventories			
Raw materials and consumables		51,406	44,294
Goods in progress		13,732	11,485
Finished goods and consumables		70,701	87,673
		135,839	143,452
Receivables			
Contract work in progress	7	-	12,759
Trade receivables		73,524	75,434
Receivables from affiliates		258,665	208,278
Other receivables		3,407	4,505
Prepayments	8	5,289	3,805
		340,885	304,781
Total current assets		476,724	448,233
TOTAL ASSETS		631,271	608,792

Financial statements for the period 1 January - 31 December

Balance sheet

DKK'000	Note	2015	2014
EQUITY AND LIABILITIES			
Equity	9		
Share capital		102,000	102,000
Retained earnings		92,810	92,253
Proposed dividends		162,000	150,000
Total equity		356,810	344,253
Provisions	10		
Deferred tax		6,101	1,584
Other provisions		9,964	9,964
Total provisions		16,065	11,548
Short-term liabilities other than provisions			
Amounts owed to affiliates		84,026	100,857
Prepayments on contract work in progress	7	1,925	1,701
Prepayments from customers		2,074	3,881
Trade payables		61,350	54,888
Other payables		91,894	78,923
Deferred income		17,127	12,741
Total liabilities other than provisions		258,396	252,991
TOTAL EQUITY AND LIABILITIES		631,271	608,792

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Financial statements for the period 1 January - 31 December

Notes

	DKK'000	2015	2014
1	**Revenue**		
	Domestic	34,666	35,544
	Foreign	1,019,189	981,867
		1,053,855	1,017,411

		2015	2014
2	**Staff costs**		
	Wages and salaries	269,487	260,647
	Pensions	16,366	16,310
	Social security costs	572	1,479
	Other staff costs	5,592	6,868
		292,017	285,304
	Change in wages related to the construction of plant and machinery and indirect production overheads on inventories	-49,056	-52,808
		242,961	232,496
	Average number of employees	478	486

The Company has set up a bonus plan for executive employees. The value of the bonus plan is based on earnings in the global Brüel & Kjær organisation. Further, the Company's Executive Board and a number of key employees are included in the incentive programme with Spectris Plc. in the UK, according to which share options in Spectris Plc. are issued based on the results for the last 3 years and the development in Spectris Plc.'s share price. In the financial year the Executive Board has not exercised share options under this programme.

Staff costs comprise remuneration, pension, bonus plan and company car for the Executive Board totalling DKK 4,317 thousand (2014: DKK 5,856 thousand) and total remuneration for the Board of Directors of DKK 75 thousand (2014: DKK 150 thousand).

Financial statements for the period 1 January - 31 December

Notes

	DKK'000	2015	2014
3	**Financial income**		
	Interest income, other	1	1
	Exchange rate profit	2,381	-
		2,382	1

	DKK'000	2015	2014
4	**Financial expenses**		
	Interest expenses, group companies	517	22
	Interest expenses, other	10	25
	Exchange rate loss	-	3,073
		527	3,120

	DKK'000	2015	2014
5	**Tax on the profit for the year**		
	Joint taxation contribution	-44,800	-40,860
	Other current taxes	-544	-491
	Adjustment of tax relating to previous years	100	55
	Deferred tax for the year	-4,517	-3,012
		-49,761	-44,308
	Specification of tax on profit for the year		
	Current tax/joint taxation contribution	-45,244	-41,296
	Deferred tax	-4,517	-3,012
		-49,761	-44,308
	Tax recognition		
	Tax on profit for the year	-49,761	-44,308
	Tax on equity movements	-181	1,266
		-49,942	-43,042

Financial statements for the period 1 January - 31 December

Notes

DKK'000

6 Property, plant and equipment

	Land and buildings	Production plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2015	185,571	53,575	102,764	16,468	358,378
Transfers	-	583	14,512	-15,095	-
Additions	-	1,698	4,402	2,121	8,222
Disposals	-	-298	-34,072	-	-34,370
Cost at 31 December 2015	185,571	55,559	87,606	3,494	332,230
Depreciation and impairment at 1 January 2015	68,528	38,389	90,902	-	197,819
Depreciation	4,070	2,974	6,052	-	13,096
Disposals	-	-163	-33,069	-	-33,232
Depreciation and impairment at 31 December 2015	72,598	41,200	63,885	-	177,683
Carrying amount at 31 December 2015	112,973	14,359	23,721	3,494	154,547
Depreciation period	40 years	10 years	3-10 years	-	-

DKK'000	2015	2014
7 Contract work in progress		
Sales value of contract work in progress	15,876	37,445
Invoiced on account on contract work in progress	-17,801	-26,387
	-1,925	11,058
The transactions are recognised as follows		
Contract work in progress (assets)	-	12,759
Prepayment on contract work in progress (liabilities)	-1,925	-1,701
	-1,925	11,058

Financial statements for the period 1 January - 31 December

Notes

	DKK'000	2015	2014
8	**Prepayments**		
	Insurance premiums	54	37
	Prepaid software-licenses	4,189	2,511
	Other	1,046	1,257
		5,289	3,805
9	**Equity**		
	Equity at 1 January	344,253	312,461
	Dividends paid	-150,000	-100,000
	Value adjustment of forward exchange contracts	664	-5,114
	Tax on equity transactions	-181	1,266
	Currency adjustment of branch in Sweden	54	-89
	Profit for the year	162,020	135,729
	Equity at 31 December	356,810	344,253
	Equity can be specified as follows		
	Share capital at 1 January	102,000	102,000
	Retained earnings at 1 January	92,253	110,461
	Value adjustment of forward exchange contracts	664	-5,114
	Tax on equity transactions	-181	1,266
	Currency adjustment of branch in Sweden	54	-89
	Transferred from proposed appropriation of profit	20	-14,271
	Retained earnings at 31 December	92,810	92,253
	Proposed dividends at 1 January	150,000	100,000
	Dividends paid during the year	-150,000	-100,000
	Proposed dividends	162,000	150,000
	Proposed dividends at 31 December	162,000	150,000
	Equity at 31 December	356,810	344,253

The share capital consists of 102,000 shares of DKK 1,000. All shares have the same voting rights.

The share capital is unchanged in the last five financial years.

Financial statements for the period 1 January - 31 December

Notes

DKK'000	2015	2014
10 Provisions		
Deferred tax liability	6,101	1,584
Other provisions	9,964	9,964
	16,065	11,548

Other provisions are related to a warranty provision which is expected to be used in full within one year.

11 Contingencies and securities

Rent and lease obligations (operating leases) falling due within five years totalling DKK 2,591 thousand (2014: DKK 5,084 thousand).

Obligations regarding guarantees made for customers amount to DKK 15,395 thousand (2014: DKK 21,348 thousand).

12 Financial instruments

	2015			2014		
Currency	Period	Contract value	(Gain) and loss recognised in equity	Period	Contract value	(Gain) and loss recognised in equity
DKK/USD	0–12 months	135,622	1,482	0–12 months	99,982	3,083
DKK/JPY	0–12 months	53,979	560	0–12 months	34,031	566
GBP/DKK	0–12 months	48,369	-196	0–12 months	50,471	-1,138
		237,970	1,846		184,484	2,511

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13 Related parties

Control

The ultimate parent company of the group:

Spectris plc.
Heritage House, Church Road
Egham, Surrey TW20 9QD
England

www.spectris.com

Ownership

Principal shareholder:

Spectris Denmark ApS
Skodsborgvej 307
2850 Nærum
Denmark

A copy of the consolidated financial statements of Spectris plc. can be obtained from Brüel & Kjær Sound & Vibration Measurement A/S, Skodsborgvej 307, 2850 Nærum, Denmark.