Phoenix International A/S

Industrivej Vest 11, 6600 Vejen

CVR No. 26 07 87 17

Annual report
for the year ended 31 December 2015

Approved at the annual general meeting of shareholders on 30 May 2016

Chairman:

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Iben Lindhardt Olsson

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Contents

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Operating review

The Company's business review

The Company was established on 1 January 2001 and was previously a part of A/S Phønix Contractors (established in 1907), where the activities primarily were carried out under the secondary name Phoenix Pipe Protectors A/S.

Since 1907 the core business in Phoenix International A/S, its companies and activities world-wide has been based on bitumen products, which originates from oil refinding.

Phoenix International A/S is a contracting, industrial and trade company with production and delivery of coating materials for protection against corrosion of oil-, gas- and water pipes and road and roofing materials as core business.

The main products are FBE (Fusion Bonded Epoxy) and two-component polyuretan modified bitumen ("2K" material). Both products are produced in our own factory in Vejen. FBE products are sold on the international market to the pipecoating industry. The 2K products are sold on the international market to e.g. highvoltage cables and joint filling materials for constructions of concrete.

Since 1997 the Company has participated in a joint venture in South Africa together with SHELL, where the joint venture produces and sells modified bitumen to the road and pipecoating industry.

In 2012 the Company has signed a joint venture agreement with IFU and Swedfund concerning a coating yard in Basra, Iraq. The coating yard was expected to begin it's production by the end of 2012 or beginning of 2013 but due to security reasons the project has been shut down.

In 2014 the Company acquired all of the shares in Phoenix International Kurdistan through which 51 % of the shares in the company Frontier Co. was obtained. Due to security reasons regarding the area of operation as well as a negative development regarding the business opportunities for these subsidiaries the Board of Directors decided to sell the shares in 2015. The shares were sold at 31 December 2015 for the same amount that they were originally acquired at in 2014.

The wholly owned company in Malaysia has carried on its positive development with delivery of large orders from its own production of primer, enamel and wrap to the pipecoating industry, yet on a smaller scale compared to 2014. However, in 2015 the profit has been negatively influenced by currency adjustments on debt to Phoenix International A/S and Phoenix Middle East. In order to minimize the effect of said currency adjustments, as well as to obtain positive equity, part of the debt to Phoenix International A/S has been converted to capital ressources in 2015.

Like the previous two years the Company's own production in Scotland had no activity in 2015.

The Company's market area is primarily Africa as well as the Middle and Far East.

Financial review

The income statement for 2015 shows a profit of DKK 854 thousand against a profit of DKK 1,194 thousand last year, and the balance sheet at 31 December 2015 shows equity of DKK 30,972 thousand.

The profit for the year is positively influenced by high activity on FBE products and exchange gain regarding disposal of Phoenix International Kurdistan and compansation for final settlement of the case in Malaysia regarding the old Malaysian company. The market for 2k contributed as expected. Due to negative currency adjustments in the subsidiary Phoenix Malaysia on debt to Phoenix International A/S and Phoenix Middle East, the profit is negatively influenced by the result from Phoenix Malaysia.

Under the circumstances mentioned above the result is satisfactory and corresponds to the expectation expressed in Annual Report for 2014.

Phoenix International A/S, which was certified ISO 9001 in 2010, has been been recertified in 2015 without remarks.

Knowledge resources

The Company does not dependend on particular intellectual capital except what the general business demands.

Special risks

Country risk
The Company has investments in Scotland, South Africa, Malaysia and Iran as well as sales and receivables to some of these countries among others. Consequently the Company is influenced by the political and economical development in said countries.

Price risk
Due to the major price fluctuations existing on the volatile market regarding oil based products, the Company's use of oil based products entails a particular risk for the Company as increases in prices for raw materials may not immediately be included fully in the sales price for the finished goods to the end-user.

Currency risk
The Company has customers world wide. Sales are primarily invoiced in DKK, EUR and secondarily in USD. In particular customer relationships this may be deviated. Consequently, the results are affected by the development in exchange rates and interest rates regarding EUR, USD and other currencies. From a risk and cost point of view the Company evaluates whether these risks are to be hedged, in some cases hedging is made per order. Hedging is increasingly made on USD, MYR and ZAR. Often however, the risk is limited as matching purchase and sales orders are made in the same currency, which primarely is EUR.

Credit risk
From 2013 and onwards the Company has made an effort to hedge the credit risk on trade receivables by engaging only in orders covered with a Letter of Credit to the largest extent possible.

Interest rate risk
As the interest on the Company's interest-bearing debt is fixed through agreements, significant changes in the interest level will not have any major influence on earnings.

Research and development activities

The Company has own development activities. The development activities mainly consist of product improvement and less resource demanding coating materials both in terms of the development of new products as well as custom-designed products. In the year ahead development activities are expected to be on a similar level as last year.

Post balance sheet events

No significant events have occurred subsequent to the financial year.

Outlook

In 2016 a turnover and a profit higher than in 2015 is expected.

The expectation is based on an expected increase in orders regarding the FBE production which is expected to be running for the entire 2016 realizing a higher activity compared to 2015. The 2K business is expected to remain at the same level as in 2015 and thereby contribute positively to the profit for 2016.

Furthermore it is expected that the planned expansion of the buildings and production facilities in Denmark will commence in 2016. The planned expansion is expected to cover 3 new production-lines: a PE/PP (Polyethylen/Polyprolylen) line, a PE/PP adhesive line and a liquid epoxy line. The addition of said product lines will make it possible for Phoenix International A/S to offer a combined solution regarding three layer coating. The investment is budgetted at DKK 30,000 thousand.

The uncertainty as to price development on raw materials and foreign exchange movements has been hedged by means of supply agreements, opening of letters of credit for sale as well as purchases and sales in the same currency.

In Malaysia and the Far East, the Company has once again gained foothold on the market as the old Joint Venture in Malaysia has closed down its activities. The local presence with its own production facilities is expected to continuously contribute to a positive influence on the market share, which already has resulted in increasing amounts of orders in 2014 and 2015. It is expected that the turnover and profit in 2016 for said subsidiaries will contribute positively to the consolidated profit for Phoenix International A/S.

In 2015 there have been no orders in Scotland. In 2016 no new orders are expected.

In South Africa an average level of earnings is expected as no major issues regarding the delivieries of Bitumen is expected for 2016. A previous expansion of the production capacity to cover Bituseal enamel has given new opportunities. However, a profit will require that the delivery problems as well as the quality problems regarding Bitumen, which have been seen the past years, are solved.

Finally a continuous focus on increasing the volume of exported Bitumen is expected to contribute increasingly to the turnover and profit for 2016.

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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 of Phoenix International A/S for the financial year 1 January - 31 December 2015.

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

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 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 matters discussed in the Management's review.

We recommend the adoption of the annual report at the annual general meeting.

Vejen, 30 May 2016

Executive Board:

René Koch

Board of Directors:

Thomas Rask Jensen Chairman	Hamzeh Ilkhanizadeh	Tony Hansen

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To the shareholders of Phoenix International A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Phoenix International A/S for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including 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. Further, Management is responsible for such internal control as it 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 according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including an 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. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by Management as well as the overall presentation of the financial statements.

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

Kolding, 30 May 2016
Ernst & Young
Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Claus E. Andreasen
state authorised public accountant

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Income statement for the year ended 31 December

Notes		2015 DKKt	2014 DKKt
	Gross profit	**8,507**	**6,750**
2	Staff costs	-5,802	-5,405
	Amortisation/depreciation of intangible assets and property, plant and equipment	-2,184	-2,290
	Operating profit/loss	**521**	**-945**
	Income from investments in group entities	-652	818
	Income from investments in associates	515	760
3	Financial income	925	1,144
	Financial expenses	-575	-723
	Profit before tax	**734**	**1,054**
4	Tax for the year	120	140
	Profit/loss for the year	854	1,194
	Recommended appropriation of the profit/loss for the year		
	Retained earnings	854	1,194
		854	1,194

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Balance sheet at 31 December

Notes		2015 DKKt	2014 DKKt
	Assets		
	Fixed assets		
	Completed development projects	439	685
5	**Intangible assets**	**439**	**685**
	Land and buildings	7,459	7,546
	Plant and machinery	5,392	6,556
	Other fixtures and fittings, tools and equipment	476	211
6	**Property, plant and equipment**	**13,327**	**14,313**
8	Investments in group entities, net asset value	2,755	6,084
8	Investments in associates, net asset value	4,336	5,240
7	Other securities and investments	10,067	10,067
	Investments	**17,158**	**21,391**
	Total fixed assets	**30,924**	**36,389**
	Current assets		
	Raw materials and consumables	3,608	3,511
	Manufactured goods and goods for resale	983	562
	Prepayments for goods	7,121	0
	Inventories	**11,712**	**4,073**
	Trade receivables	696	994
	Receivables from group entities	8,964	9,087
	Receivables from associates	630	319
	Other receivables	30	163
	Prepayments	474	339
	Receivables	**10,794**	**10,902**
	Cash	**1,726**	**364**
	Total current assets	**24,232**	**15,339**
	Total assets	**55,156**	**51,728**

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Balance sheet at 31 December

Notes		2015 DKKt	2014 DKKt
	Equity and liabilities		
	Equity		
9	Share capital	18,500	18,500
	Retained earnings	12,472	12,150
	Total equity	**30,972**	**30,650**
	Provisions		
	Provisions for deferred tax	228	348
	Total provisions	**228**	**348**
	Liabilities		
	Mortgage debt	2,864	3,047
	Bank debt	3,490	3,709
	Lease liabilities	1,556	2,229
10	**Long-term liabilities**	**7,910**	**8,985**
10	Current portion of long-term liabilities	1,077	1,164
	Bank debt	4,784	1,136
	Trade payables	4,006	3,207
	Payables to shareholders	5,059	5,346
	Other payables	1,120	892
	Short-term liabilities	**16,046**	**11,745**
	Total liabilities	**23,956**	**20,730**
	Total equity and liabilities	**55,156**	**51,728**

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Statement of changes in equity

(DKKt)	Share capital	Retained earnings	Total
Equity at 1/1 2015	18,500	12,150	30,650
Exchange rate adjustment	0	-532	-532
Profit for the year, cf. appropriation of profit		854	854
Equity at 31/12 2015	18,500	12,472	30,972

1. Accounting policies

The annual report of Phoenix International A/S has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The accounting policies applied by the Company are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner.

Currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Foreign group entities

As regards integral foreign operations, the items in their financial statements are translated using the following principles:

- Balance sheet items are translated at the closing rate.
- Items in the income statement are translated at the rate at the date of the transaction.
- Any exchange differences resulting from the translation of the opening equity at the closing rate and the exchange adjustment of the items in the income statement from the rate at the date of the transaction to the closing rate are taken directly to equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are measured at cost. On subsequent recognition, derivative financial instruments are measured at fair value. Positive and negative fair values are recognised as other receivables and other payables, respectively.

Fair value adjustments of derivative financial instruments designated and qualifying as a cash flow hedge are taken to equity until the hedged transaction is carried through. Where the future transaction results in recognition of an asset or a liability, the accumulated fair value adjustment is transferred from equity to the cost of the asset or liability. Where the future transaction results in income or expenses, the accumulated fair value adjustment is transferred from equity to the income statement together with the hedged item.

Fair value adjustments of derivative financial instruments which do not qualify for being treated as hedging instruments are recognised in the income statement.

Income statement

Revenue

Income from the sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Income from the rendering of services, which comprises consultancy services, is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

1. Accounting policies - continued

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The estimated useful lives and the residual value for intangible assets are as follows:

	Useful life (year)	Residual value DKKt
Completed development projects	5	0
Acquired IP rights	5	0

Property, plant and equipment are depreciated on a straight-line basis over the expected useful life of each individual asset. The depreciation basis is the cost plus revaluations and less expected residual value

The expected useful lives and the residual value of the assets are as follows:

	Useful life (year)	Residual value DKKt
Buildings	30	0
Plant and machinery	5-10	0
Other fixtures and fittings, tools and equipment	3-5	0

Land is not depreciated.

Income from investments in group entities and associates

The item includes the entity's proportionate share of the profit/loss for the year in subsidiaries and associates after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

The item also includes gains and losses from sales of shares in subsidiaries and associates.

1. Accounting policies - continued

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, dividends declared from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

The item also includes dividend received from other securities and investments in so far as the dividend does not exceed the accumulated earnings in the subsidiary or the associate in the period of ownership.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The parent and all Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method). The parent acts as a management company for all the entities encompassed by the joint taxation arrangement and is thus responsible for ensuring that tax charges, etc. are paid to the Danish tax authorities.

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Development projects are capitalised if they are clearly defined and identifiable and the following recognition criteria can be satisfied:

- the technical feasibility of completing the project can be demonstrated,
- plans are to produce and market the product or to use the product or the process,
- sufficient technical and financial resources to complete and use or sell the project are available,
- it is probable that the project will generate future economic benefits and that a potential, future market or possibility of internal use in the entity exists,
- the cost can be made up reliably.

Development costs not satisfying the above criteria are expensed in the income statement as incurred.

The cost of development projects is measured at direct costs incurred as well as a portion of costs indirectly attributable to the individual development projects.

Other development costs are expensed in the income statement as incurred.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

As regards self-produced fixed assets, the cost includes the cost of materials and labour, etc. directly relating to the production.

1. Accounting policies - continued

Gains or losses arising from the sale of items of property, plant and equipment are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Investments in group entities and associates

Investments in subsidiaries and associates are measured, using the equity method, at the parent's proportionate share of such entities' equity plus goodwill on consolidation and intra-group losses and less intra-group gains and negative goodwill, if any. Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognised under 'Provisions' in so far as the parent has a legal or constructive obligation to cover the deficit.

Newly acquired and sold investments are recognised in the financial statements from the time of acquisition or until the time of sale, respectively.

The purchase method of accounting is applied to corporate takeovers as described under 'Business combinations'.

Other securities and investments

Other securities and investments are measured at fair value. The fair value is made up at the market value at the balance sheet date if the securities are listed and at a value made up using generally recognised valuation principles if the securities are unlisted.

When conditions for measuring at fair value is not present the securities are measured at cost.

Impairment of fixed assets

Every year, intangible assets and property, plant and equipment as well as investments in subsidiaries and associates are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

1. Accounting policies - continued

Reserve for net revaluation according to the equity method

The reserve comprises net revaluations of investments in subsidiaries and associates compared to the cost price.

Corporation tax

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

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

As management company for all the entities in the joint taxation arrangement, the parent is liable for the subsisidaries' income taxes vis-à-vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivables are recognised in the balance sheet as income tax receivable or payable.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including a guaranteed residual value, if any, based on the interest rate implicit in the lease.

	2015 DKKt	2014 DKKt
2. Staff costs		
Analysis of staff costs:		
Wages/salaries	5,256	4,855
Pensions	422	401
Other social security costs	124	149
	5,802	5,405

3. Financial income		
Interest receivable, group entities	294	167
Other financial income	631	977
	925	1,144

In other financial income dividend from Varziran Co. is included with DKK 401 thousand (2014: DKK 374 thousand).

	2015 DKKt	2014 DKKt
4. Tax for the year		
Estimated tax charge for the year	0	-40
Deferred tax adjustments in the year	-120	-52
Tax adjustments, prior years	0	-8
Change in tax rate	0	-40
	-120	-140

5. Intangible assets

(DKKt)	Completed development projects
Cost	
Balance at 1/1 2015	1,806
Cost at 31/12 2015	1,806
Amortisation and impairment losses	
Balance at 1/1 2015	1,121
Amortisation in the year	246
Amortisation and impairment losses at 31/12 2015	1,367
Carrying amount at 31/12 2015	439

6. Property, plant and equipment

(DKKt)	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost				
Balance at 1/1 2015	8,965	20,599	1,903	31,467
Additions in the year	257	310	385	952
Disposals in the year	0	0	-493	-493
Cost at 31/12 2015	9,222	20,909	1,795	31,926
Depreciation and impairment losses				
Balance at 1/1 2015	1,419	14,043	1,692	17,154
Depreciation in the year	344	1,474	120	1,938
Reversal of depreciation and impairment losses, disposals	0	0	-493	-493
Depreciation and impairment losses at 31/12 2015	1,763	15,517	1,319	18,599
Carrying amount at 31/12 2015	7,459	5,392	476	13,327
Hereof carrying amount of assets held under finance leases at 31/12 2015	0	1,962	0	1,962

Note 11 provides more details on security for loans, etc. as regards property, plant and equipment.

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7. Other securities

(DKKt)	Other securities and investments
Cost	
Balance at 1/1 2015	10,067
Cost at 31/12 2015	**10,067**
Carrying amount at 31/12 2015	**10,067**

Other investments comprises of an ownership of 17% in the listed company Varziran Co., Iran. The shares have a very low negotiability on the stock exchange in Teheran. Like prior year the investment is measured at cost. The latest published audited accounts for 2014/15 of Varziran Co., Iran show a profit of DKK 2,627 thousand (2013/14: 2,998 thousand) and capital and reserves at 20 March 2015 of DKK 21,760 thousand (20 March 2014: DKK 21,557 thousand). Phoenix International A/S' share of the carrying amount of the capital and reserves amounts to DKK 3,699 thousand. In 2015 the Company has received dividend of DKK 401 thousand (2014: DKK 374 thousand).

8. Investments in group entities and associates

(DKKt)	Investments in group entities	Investments in associates
Cost		
Balance at 1/1 2015	7,013	2,111
Additions in the year	7,958	0
Disposals in the year	-6,069	0
Cost at 31/12 2015	**8,902**	**2,111**
Revaluations		
Balance at 1/1 2015	0	3,129
Exchange adjustment	0	-790
Share of the profit/loss for the year	0	515
Dividend distributed	0	-629
Revaluations at 31/12 2015	**0**	**2,225**
Impairment losses		
Balance at 1/1 2015	929	0
Exchange adjustment	-259	0
Share of the profit/loss for the year	2,598	0
Investments with a negative net asset value written down over receivables	2,879	0
Impairment losses at 31/12 2015	**6,147**	**0**
Carrying amount at 31/12 2015	**2,755**	**4,336**

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In Impairment losses, "Share of the profit/loss of the year" the following items is not included:
Exchange gain regarding disposal of Phoenix International Kurdistan and compansation for final settlement of the case in Malaysia regarding the old Malaysian company. Total regarding the mentioned transcactions is a profit of DKK 1,946 thousand.

According to the profit and loss statement the income from investments in group entities amount to DKK 652 thousand. The difference between the specification above and the profit and loss statement, DKK 1,946 thousand, is the above mentioned items.

	Legal form	Domicile	Interest (%)
Subsidiaries			
Phoenix International	Sdn. Bhd. (limited company)	Malaysia	100.00
Phoenix Global Holding	ApS (limited company)	Denmark	100.00
Associates			
Bituguard Southern Africa	Ltd. (limited company)	South Africa	50.00

9. Share capital

	31/12 2015 DKKt	31/12 2014 DKKt
Analysis of the company's share capital, DKK 18,500 thousand:		
20,000 class A-share(s) of DKK 925.00 each	18,500	18,500
	18,500	18,500

The company's share capital has remained DKK 18,500 thousand over the past 5 years.

10. Long-term liabilities

Of the long-term liabilities, DKK 2,087 thousand falls due for payment after more than 5 years after the balance sheet date.

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11. Security for loans

Land and buildings with a carrying amount of DKK 7,202 thousand have been provided as collateral for mortgage debt of DKK 3,047 thousand.

Plant and machinery with a carrying amount of DKK 1,962 thousand are held under finance leases. The finance lease obligation amounts to DKK 2,229 thousand.

As colleteral for bank debt of DKK 8,495 thousand the following are issued:

-Mortgage registered to the owner of DKK 2,200 thousand secured on land and buildings with a carrying amount of DKK 7,702 thousand.

-Mortgage registered to the owner of DKK 2,750 thousand secured on operating equipment with a carrying amount of DKK 1,112 thousand.

-Mortgage registered to the owner of DKK 2,000 thousand secured on assets with a carrying amount of DKK 25,235 thousand.

12. Contingent liabilities and other financial obligations

Contingent liabilities vis-à-vis the parent and its other subsidiaries

Guarantee commitments consist of a guarantee provided in respect of bank commitments in subsidiaries. The debt concerned amounts to DKK 0 as of 31 December 2015.

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Other financial obligations

The Company has liabilities under operating leases for production and IT equipment, totalling DKK 416 thousand, with remaining contract terms of up to 3 years.

13. Related parties

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

Name	Domicile
Hamzeh Ilkhanizadeh c/o Phoenix Middle East	Office No. LB 190909 Jebel Ali P.O. Box 262302 Dubai Dubai UAE