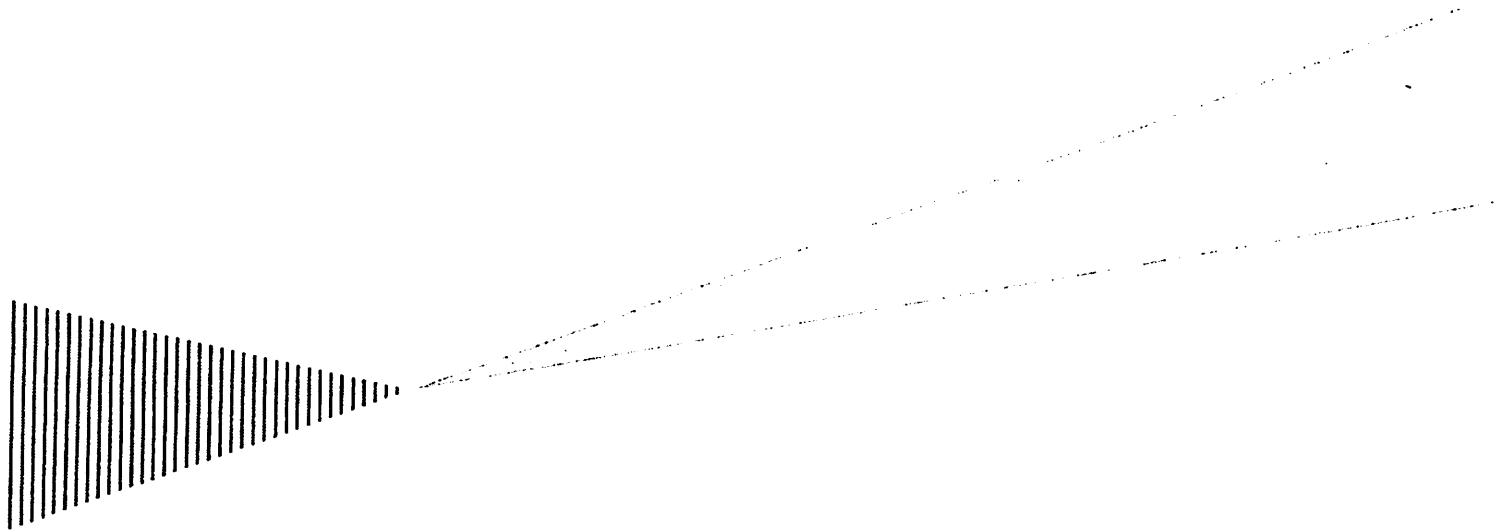


# Kiesel Scandinavia Holding A/S

Kobbervej 2, Benløse, 4100 Ringsted

CVR no. 26 43 92 99



## Annual report 2015

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

Chairman:

.....  
Toni Kiesel



**Building a better  
working world**



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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 Kesol Scandinavia Holding 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 as 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 that the annual report be approved at the annual general meeting.

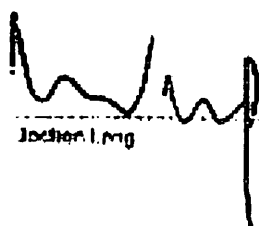
Witnessed, 30 May 2016  
Executive Board:

  
Henrik Hansen

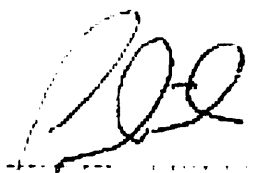
Board of Directors



Toril Høst  
Chairman



Jochen Limg

  
Jørgen Kiser



## Independent auditors' report

To the shareholders of Kiesel Scandinavia Holding A/S

### Independent auditors' report on the financial statements

We have audited the financial statements of Kiesel Scandinavia Holding 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 a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control 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 regulations. 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.

Kolding, 30 May 2016

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR No. 30 70 02 28

Claus E. Andreasen

state authorised public accountant



## Management's review

### Company details

Name	Kiesel Scandinavia Holding A/S
Address, Postal code, City	Kobbervej 2, Benløse, 4100 Ringsted
CVR No.	26 43 92 99
Established	1 February 2002
Registered office	Ringsted
Financial year	1 January - 31 December
Board of Directors	Toni Kiesel, Chairman Jochen Lang Jussi Kiski
Executive Board	Henrik Hansen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Kolding Åpark 1, 3. sal, 6000 Kolding, Denmark
Bankers	Jyske Bank A/S



## Management's review

### Operating review

#### The Company's business review

The company is a holding company for the Nordic companies within the Kiesel Group.

#### Financial review

The income statement for 2015 shows a loss of DKK 1,259,607 against a profit of DKK 1,696,208 last year, and the balance sheet at 31 December 2015 shows equity of DKK 20,770,141. Management considers the Company's financial performance in the year unsatisfactory. The management expect for 2016 a positive result.

#### Post balance sheet events

No significant events have occurred subsequent to the financial year.



## Financial statements for the period 1 January - 31 December

### Income statement

Note	DKK	2015	2014
	Gross profit/loss	-43,676	195,681
	Income from investments in group entities	-1,153,543	1,648,035
2	Financial income	6,103	8,105
3	Financial expenses	-95,527	-139,516
	Profit/loss before tax	-1,286,643	1,712,305
4	Tax for the year	27,036	-16,097
	Profit/loss for the year	-1,259,607	1,696,208
	Proposed profit appropriation/distribution of loss		
	Net revaluation reserve according to the equity method	0	1,648,035
	Retained earnings/accumulated loss	-1,259,607	48,173
		-1,259,607	1,696,208



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2015</u>	<u>2014</u>
	<b>ASSETS</b>		
	Non-current assets		
5	Investments		
	Investments in group entities	19,661,899	20,780,660
		<u>19,661,899</u>	<u>20,780,660</u>
	Total non-current assets	<u>19,661,899</u>	<u>20,780,660</u>
	Current assets		
	Receivables		
	Receivables from group entities	3,484,358	77,594
	Income taxes receivable	122,000	211,903
	Deferred tax assets	27,036	0
	Other	0	0
		<u>3,633,394</u>	<u>289,497</u>
	Cash	27,598	96,344
	Total current assets	<u>3,660,992</u>	<u>385,841</u>
	<b>TOTAL ASSETS</b>	<u>23,322,891</u>	<u>21,166,501</u>
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
6	Share capital	1,860,166	1,860,166
	Net revaluation reserve according to the equity method	15,703,910	15,703,910
	Retained earnings	3,206,065	1,092,868
	Total equity	<u>20,770,141</u>	<u>18,656,944</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	0	29
	Trade payables	78,125	35,000
	Payables to group entities	2,474,625	2,474,528
		<u>2,552,750</u>	<u>2,509,557</u>
	Total liabilities other than provisions	<u>2,552,750</u>	<u>2,509,557</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>23,322,891</u>	<u>21,166,501</u>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 Related parties





## Financial statements for the period 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2015	1,860,166	15,703,910	1,092,868	18,656,944
Profit/loss for the year	0	0	-1,259,607	-1,259,607
Exchange adjustment	0	0	34,784	34,784
Contribution from group	0	0	3,338,020	3,338,020
Equity at 31 December 2015	<u>1,860,166</u>	<u>15,703,910</u>	<u>3,206,065</u>	<u>20,770,141</u>



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Kiesel Scandinavia Holding A/S for 2015 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.

#### Fundamental errors

The company has in 2014 booked subordinated loan of 2,283,160 DKK from parent company Kiesel GmbH directly to subsidiary Kiesel Scandinavia AB as an equity adjustment under investment in group entities and set off against the equity. Furthermore negative equity in subsidiaries have been incorporated under investment in group entities even though the company has no legal or a constructive obligation to cover the subsidiary's deficit.

Due to these errors, the company's result, equity and investment in group entities for 2014 have been recognised at too low, and the financial statements for 2014 did not give a true and fair view. Therefore, the error has been corrected as a fundamental error by restating comparatives and opening equity figures in the financial statement for 2015. In consequence of the correction, result for 2014 has been affected positively by DKK 9,650,862, investment in group entities at 31 December 2014 have been increased by DKK 6,994,833 and equity has been affected positively by DKK 6,994,833.

#### Consolidated financial statements

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of Kiesel Scandinavia Holding A/S and subsidiaries are included in the consolidated financial statements of Kiesel GmbH.

#### 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 financial 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 financial expenses.

#### Foreign group entities

Foreign subsidiaries are considered separate enterprises. Items in such enterprises' income statements are translated at the average exchange rates for the month, and their balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of such enterprises at the exchange rates at the balance sheet date and on translation of the income statements from the average exchange rates at the transaction date to closing.

### Income statement

#### Revenue

Income from the rendering of 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.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### Other operating income

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

#### 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.

#### Income from investments in group entities

The item includes the entity's proportionate share of the profit/loss for the year in subsidiaries 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.

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

#### Tax

The parent company is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The parent company is the management company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

On payment of joint taxation contributions, the current Danish corporation tax charge is allocated between the jointly taxed enterprises in proportion to their taxable income. Enterprises with tax losses receive joint taxation contributions from enterprises that have been able to use the tax losses to reduce their own taxable income.

Tax for the year comprises current corporation tax, joint taxation contributions for the year and changes in deferred tax for the year - including changes resulting from changes in the tax rate. 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.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Investments in group entities

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies less or plus any residual value of positive or negative goodwill determined in accordance with the acquisition method. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the enterprise's deficit. Net revaluations of investments in subsidiaries are transferred to the net revaluation reserve according to the equity method in so far as the carrying amount exceeds the acquisition cost.

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised up to the date of disposal.

Acquisitions of new subsidiaries are accounted for using the purchase method, according to which the assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of revaluations made is taken into account.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

##### Equity

##### *Proposed dividends*

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

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### *Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

##### Corporation tax

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 value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent is liable for the subsidiaries' 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 at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured 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 liability in respect of finance leases.

Other liabilities are measured at net realisable value.

DKK	2015	2014
2 Financial income		
Exchange gain	6,103	8,105
	<u>6,103</u>	<u>8,105</u>
3 Financial expenses		
Interest expenses, group entities	85,267	137,992
Other interest expenses	10,209	1,497
Other financial expenses	51	27
	<u>95,527</u>	<u>139,516</u>



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

DKK	2015	2014
4 Tax for the year		
Estimated tax charge for the year	-27,036	16,097
	<u>-27,036</u>	<u>16,097</u>

### 5 Investments

DKK	Investments in group entities
Cost at 1 January 2015	4,087,050
Exchange adjustment	7,607
Cost at 31 December 2015	<u>4,094,657</u>
Value adjustments at 1 January 2015	16,693,610
Exchange adjustment	27,176
Share of the profit/loss for the year	<u>-1,153,544</u>
Value adjustments at 31 December 2015	<u>15,567,242</u>
Carrying amount at 31 December 2015	<u>19,661,899</u>

DKK	Legal form	Domicile	Interest	Equity	Profit/loss
Subsidiaries					
Kiesel Scandinavia	A/S	Danmark, Ringsted	100.00 %	5,478,832	-1,692,555
Kiesel Scandinavia	AS	Norge	100.00 %	-4,542,380	-3,107,281
Kiesel Scandinavia	AB	Sverige	100.00 %	214,786	27,375
Kiesel Scandinavia	Oy	Finland	100.00 %	14,929,321	539,012

### 6 Share capital

The Company's share capital has remained DKK 1,860,166 over the past 5 years.

### 7 Contractual obligations and contingencies, etc.

#### Other contingent liabilities

The company is taxed jointly with the other companies in the group, and, as from the 2013 financial year, the company is liable together with the other jointly taxed companies for the total income tax and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 8 Related parties

Kiesel Scandinavia Holding A/S' related parties comprise the following:

#### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>
Kiesel GmbH	Baindter Str. 29, 88255 Baienfurt, Germany
Kiesel GmbH	Baindter Str. 29, 88255 Baienfurt, Germany