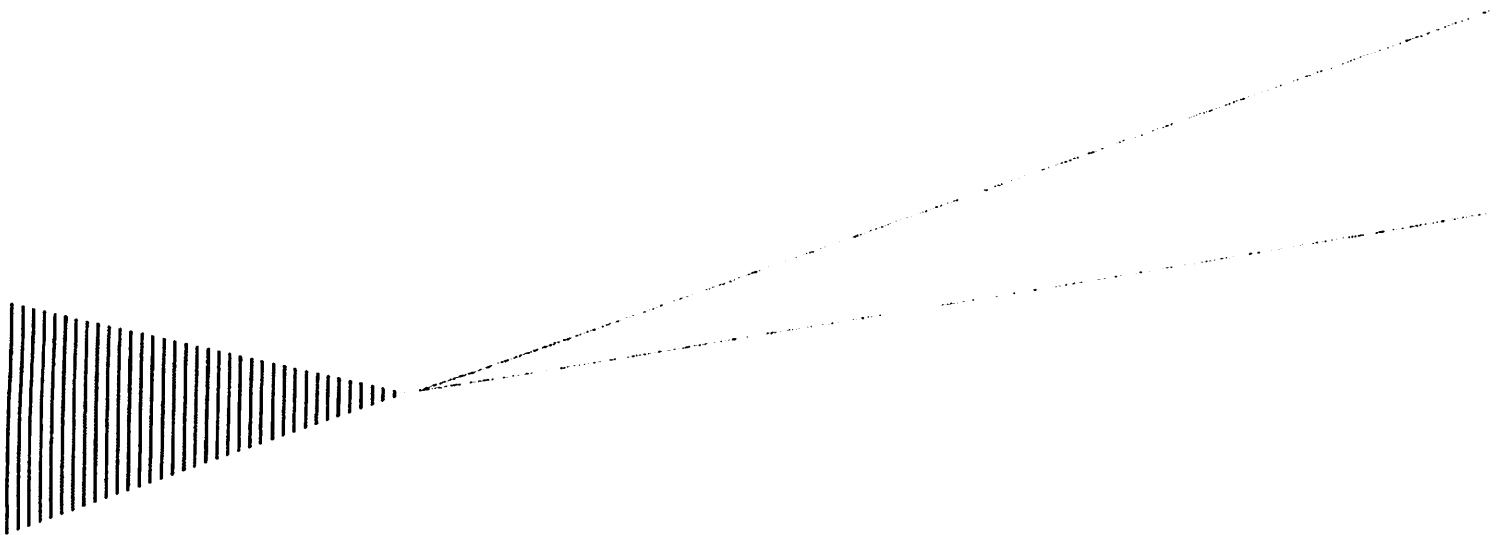


Kiesel Scandinavia A/S

Platinvej 22, 6000 Kolding

CVR no. 26 44 03 94



Annual report 2015

Approved at the annual general meeting of shareholders on 20 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 Kiesel Scandinavia 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 that the annual report be approved at the annual general meeting.

Kolding, 20 May 2016
Executive Board:

Henrik Hansen

Board of Directors:

Toni Kiesel
Chairman

Jussi Kiski
Jochen Lang



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 Kiesel Scandinavia 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 that the annual report be approved at the annual general meeting.

Kolding, 20 May 2016
Executive Board

Henrik Hansen

Board of Directors

Joni Kiese
Chairman



Joni Kiese
Kiese

Jochen Lang



Independent auditors' report

To the shareholders of Kiesel Scandinavia A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Kiesel Scandinavia 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, 20 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 A/S
Address, Postal code, City	Platinvej 22, 6000 Kolding
CVR No.	26 44 03 94
Established	1 February 2002
Registered office	Kolding
Financial year	1 January - 31 December
Board of Directors	Toni Kiesel, Chairman Jussi Kiski Jochen Lang
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 business of the Company is sales and repairs of machines.

Financial review

The income statement for 2015 shows a loss of DKK 1,692,555 against a profit of DKK 1,318,496 last year, and the balance sheet at 31 December 2015 shows equity of DKK 5,478,832. Management considers the Company's financial performance in the year unsatisfactory.

Post balance sheet events

No significant events have occurred subsequent to the financial year.

Outlook

The Company expects for 2016 an improved og positively result.



Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2015	2014
	Gross profit	4,723,656	7,834,697
2	Staff costs	-6,184,839	-5,245,021
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-588,169	-494,498
3	Other operating expenses	-43,435	23,026
	Operating profit/loss	-2,092,787	2,118,204
4	Financial income	724,709	215,000
5	Financial expenses	-774,863	-636,545
	Profit/loss before tax	-2,142,941	1,696,659
6	Tax for the year	450,386	-378,163
	Profit/loss for the year	-1,692,555	1,318,496
	Proposed profit appropriation/distribution of loss		
	Retained earnings/accumulated loss	-1,692,555	1,318,496
		-1,692,555	1,318,496



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2015</u>	<u>2014</u>
	ASSETS		
	Non-current assets		
7	Property, plant and equipment		
	Land and buildings	2,181,943	1,689,160
	Other fixtures and fittings, tools and equipment	2,126,876	2,373,585
	Leasehold improvements	0	5,635
		<u>4,308,819</u>	<u>4,068,380</u>
8	Investments		
	Leasing receivables	13,471,927	4,982,370
		<u>13,471,927</u>	<u>4,982,370</u>
	Total non-current assets	<u>17,780,746</u>	<u>9,050,750</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	10,321,893	23,220,441
		<u>10,321,893</u>	<u>23,220,441</u>
	Receivables		
	Trade receivables	2,995,788	6,202,577
	Leasing receivables	3,312,000	1,048,752
	Deferred tax assets	466,819	16,433
	Other receivables	16,172	108,203
	Prepayments	0	136,399
		<u>6,790,779</u>	<u>7,512,364</u>
	Cash	106,927	143,075
	Total current assets	<u>17,219,599</u>	<u>30,875,880</u>
	TOTAL ASSETS	<u>35,000,345</u>	<u>39,926,630</u>



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2015</u>	<u>2014</u>
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	500,000	500,000
	Retained earnings	4,978,832	6,671,387
	Total equity	<u>5,478,832</u>	<u>7,171,387</u>
	Provisions		
	Warranty provisions	200,000	0
	Total provisions	<u>200,000</u>	<u>0</u>
	Liabilities other than provisions		
10	Non-current liabilities other than provisions		
	Lease liabilities	14,447,652	7,550,281
	Subordinate loan capital	372,500	372,500
		<u>14,820,152</u>	<u>7,922,781</u>
	Current liabilities other than provisions		
10	Current portion of long-term liabilities	3,762,000	390,000
	Bank debt	4,632,233	8,463,355
	Trade payables	646,142	1,951,692
	Payables to group entities	2,984,648	11,160,296
	Income taxes payable	0	415,008
	Other payables	2,476,338	2,452,111
		<u>14,501,361</u>	<u>24,832,462</u>
	Total liabilities other than provisions	<u>29,321,513</u>	<u>32,755,243</u>
	TOTAL EQUITY AND LIABILITIES	<u>35,000,345</u>	<u>39,926,630</u>

- 1 Accounting policies
- 11 Collateral
- 12 Related parties



Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2015	500,000	6,671,387	7,171,387
Profit/loss for the year	0	-1,692,555	-1,692,555
Equity at 31 December 2015	<u>500,000</u>	<u>4,978,832</u>	<u>5,478,832</u>



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Kiesel Scandinavia 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 not booked finance leasing receivables and liabilities regarding machines in the annual report. Due to this error the Company's total assets etc. has been recognised 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 92 thousand, total assets at 31 December 2014 have been affected positively by DKK 6,031 thousand.

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.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at cost, corresponding to the lower of fair value and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are depreciated the same way as other similar non-current assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised over the term of the lease.

Income statement

Revenue

Income from the sale of goods for resale and finished goods, comprising sale of new and used machines, spareparts and service is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Where finance leases for assets are entered into, a sale and a receivable are recognised corresponding to the present value of cash flows from the lease plus the estimated unguaranteed residual value of the asset at the end of the lease term. The present value is calculated based on the interest implicit in the lease agreement. Lease payments received are recognised partly as an instalment on the lease receivable and partly as financial income.

Other operating expenses

Other 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 and impairment of intangible assets and property, plant and equipment

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

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	10-20 years
Leasehold improvements	5 years
Other fixtures and fittings, tools and equipment	3-5 years

Land is not depreciated.

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, financial income and expenses relating to finance leases, realised and unrealised exchange gains and losses and amortisation of financial assets and liabilities.

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.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

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

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.

Gains or losses are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating costs.

Impairment of fixed assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other 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. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

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.

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.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Prepayments

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

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'.

Provisions

Warranties comprise obligations to make good any defects within the warranty period. Provisions for warranties are measured at net realisable value and recognised based on past experience. Provisions that are estimated to mature more than one year after the balance sheet date are discounted at the average bond yields.

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.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Recognition is made according to the same method as applies to liabilities.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	2015	2014
2 Staff costs		
Wages/salaries	5,481,689	4,723,192
Pensions	423,345	326,046
Other social security costs	125,410	69,026
Other staff costs	154,395	126,757
	<u>6,184,839</u>	<u>5,245,021</u>
3 Other operating expenses		
Other operating expenses include losses on the sale of equipment.		
4 Financial income		
Interest leasing receivable	714,065	215,000
Other financial income	10,644	0
	<u>724,709</u>	<u>215,000</u>
5 Financial expenses		
Interest expenses, group entities	118,118	97,483
Interest expenses financial lease	445,395	205,988
Exchange losses	68,244	43,997
Bank	98,052	194,086
Other financial expenses	45,054	94,991
	<u>774,863</u>	<u>636,545</u>
6 Tax for the year		
Estimated tax charge for the year	0	415,006
Deferred tax adjustments in the year	-450,386	-36,843
	<u>-450,386</u>	<u>378,163</u>



Financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2015	1,689,160	3,545,237	119,186	5,353,583
Additions in the year	554,728	607,210	0	1,161,938
Disposals in the year	0	-1,017,000	0	-1,017,000
Cost at 31 December 2015	2,243,888	3,135,447	119,186	5,498,521
Impairment losses and depreciation at 1 January 2015	0	1,171,652	113,551	1,285,203
Amortisation/depreciation in the year	61,945	520,589	5,635	588,169
Reversal of amortisation/depreciation and impairment of disposals	0	-683,670	0	-683,670
Impairment losses and depreciation at 31 December 2015	61,945	1,008,571	119,186	1,189,702
Carrying amount at 31 December 2015	2,181,943	2,126,876	0	4,308,819
Property, plant and equipment include finance leases with a carrying amount totalling	0	1,835,915	0	1,835,915

8 Investments

DKK	Leasing receivables
Cost at 1 January 2015	4,982,370
Additions in the year	13,058,000
Disposals in the year	-4,568,443
Cost at 31 December 2015	13,471,927
Carrying amount at 31 December 2015	13,471,927

9 Share capital

The Company's share capital has remained DKK 500,000 over the past 5 years.

10 Long-term liabilities

DKK	Total debt at 31/12 2015	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	18,209,652	3,762,000	14,447,652	0
Subordinate loan capital	372,500	0	372,500	0
	18,582,152	3,762,000	14,820,152	0



Financial statements for the period 1 January - 31 December

Notes to the financial statements

11 Collateral

As security for mortgage debt of DKK 4.632 thousand, the Company has provided a company charge of DKK 10.000 thousand comprising intellectual property rights, trade receivables, inventories, other plant, fixtures and fittings, tools and equipment.

As security for lease liability of DKK 1,761 thousand, the Company has provided security in equipment with a book value of DKK 1,836 thousand

12 Related parties

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

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Kiesel Scandinavia Holding A/S	Ringsted	Participating interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent's consolidated financial statements</u>
Kiesel GmbH	Baindter Str. 29 , 88255 Baienfurt, Germany	Company

Ownership

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:

<u>Name</u>	<u>Domicile</u>
Kiesel Scandinavia Holding A/S	Ringsted