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NOVOFERM DANMARK APS
FYNSGADE 1, 6520 TOFTLUND
ANNUAL REPORT
2015

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 19 April 2016**

Stephen John Dickinson

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COMPANY DETAILS**Company**

Novoferm Danmark ApS
Fynsgade 1
6520 Toftlund

E-mail: mail@novoferm.dk

CVR no.: 26 90 56 21

Established: 28 November 2002

Registered Office: Toftlund

Financial Year: 1 January - 31 December

Board of Executives

Stephen John Dickinson
Anders Majland Jensen

Auditor

BDO Statsautoriseret revisionsaktieselskab
Nordhavnsvej 12, 1. sal
6100 Haderslev

STATEMENT BY BOARD OF EXECUTIVES

Today the Board of Executives have discussed and approved the Annual Report of Novoferm Danmark ApS for the year 1 January - 31 December 2015.

The Annual Report is presented 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.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend that the Annual Report be approved at the Annual General Meeting.

Toftlund, 6 April 2016

Board of Executives

Stephen John Dickinson

Anders Majland Jensen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Novoferm Danmark ApS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Novoferm Danmark ApS for the financial year 1 January to 31 December 2015, which comprise a summary of significant 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 as management determines is necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish Audit Legislation. 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 auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements.

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

The audit has not resulted in any qualification.

Opinion

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

Emphasis of matter relating to the financial statements

Without having an impact on our opinion, we draw attention to the description in the note in the financial statement "Uncertainly with respect to going concern" from which it appears that the company's management has taken steps to ensure that the financing of operations is guaranteed for the coming year.

INDEPENDENT AUDITOR'S REPORT

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 further 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.

Haderslev, 6 April 2016

BDO Statsautoriseret revisionsaktieselskab, CVR-nr. 20 22 26 70

Jakob Ørkild Jensen
State Authorised Public Accountant

MANAGEMENT'S REVIEW

Principal activities

The main activities in the company is trading with doors, spareparts, service installation and service.

Development in activities and financial position

The company need the necessary funding from the German parent company. The parent company has confirmed that the necessary funding for continued operations.

The overall result for 2015 is not satisfactory. The negative result is a consequence of individual circumstances, which will not affect following years.

Novoferm strengthened its position in project market, and order intake grew considerably compared with prior years. This leads to positive expectations for 2016 and onwards, where Novoferm Danmark ApS expects to contribute positively to the overall performance of Novoferm Group.

For 2016 a moderate increase in turnover is expected. Furthermore, it is expected that Novoferm Denmark ApS will contribute positively to the total performance of the Novoferm Group.

Significant events after the end of the financial year

There has not occurred any events of main importance for the company's financial position after the end of this financial year.

ACCOUNTING POLICIES

The annual report of Novoferm Danmark ApS for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B.

The Annual Report is prepared consistently with the accounting principles used last year.

General about recognition and measurement

Income is recognised in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities. Any costs, including depreciation, amortisation and writedown, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is likely that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is likely that future economic benefits will flow from the company and the value of the liability can be measured reliably.

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following for each item.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest over the term. Amortised cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

The recognition and measurement takes into account predictable losses and risks arising before the year-end reporting and which prove or disprove matters that existed at the balance sheet date.

The carrying amount of intangible and tangible fixed assets should be estimated annually to determine if there is any indication of impairment in excess of the amount reflected by normal amortisation or depreciation. If this is the case, write-down should be made to the lower recoverable amount.

INCOME STATEMENT

Net revenue

The net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenues is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external costs

Other external costs include costs relating to distribution, sale, advertising, administration, premises, loss on bad debts, operating lease expenses and similar expenses.

Other operating income and expenses

Other operating income and expenses include items of secondary nature in relation to the enterprises' principal activities.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are included in staff costs.

ACCOUNTING POLICIES

Financial income and expenses in general

Financial income and expenses include interest income and expenses, financial expenses of finance leases, debt and transactions in foreign currencies as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that can be attributed to the profit for the year, and is recognised directly in the equity by the portion that can be attributed to entries directly to the equity.

BALANCE SHEET

Tangible fixed assets

Production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-downs.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

	Useful life	Residual value
Production plant and machinery.....	5 år	0%
Other plants, fixtures and equipment.....	3-5 år	0%
Leasehold improvements.....	5 år	0%

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll costs and direct production costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

ACCOUNTING POLICIES

Receivables

Accounts receivable are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Other provisions for liabilities

Provisions for liabilities include the expected cost of warranty commitments and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax unit.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. A change in the deferred tax, which is a result of changes to tax rates, is recognised in the income statement with the exception of items that are taken directly to equity.

Liabilities

Liabilities are measured at amortised cost equal to nominal value.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2015 DKK	2014 DKK '000
GROSS PROFIT		3.862.485	4.003
Staff costs.....	1	-5.336.498	-5.022
Depreciation, amortisation and impairment.....		-128.437	-134
OPERATING LOSS		-1.602.450	-1.153
Other financial income.....	2	8.864	65
Other financial expenses.....	3	-477.488	-1.221
LOSS BEFORE TAX		-2.071.074	-2.309
Tax on loss for the year.....		0	0
LOSS FOR THE YEAR		-2.071.074	-2.309
PROPOSED DISTRIBUTION OF LOSS			
Accumulated profit.....		-2.071.074	-2.309
TOTAL		-2.071.074	-2.309

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2015 DKK	2014 DKK '000
Production plants and machinery.....		424.020	51
Other plants, machinery, tools and equipment.....		58.663	92
Leasehold improvements.....		44.489	0
Tangible fixed assets.....	4	527.172	143
Rent deposit and other receivables.....		28.167	56
Fixed asset investments.....		28.167	56
FIXED ASSETS.....		555.339	199
Finished goods and goods for resale.....		4.078.811	4.036
Inventory.....		4.078.811	4.036
Trade receivables.....		4.801.728	3.544
Other receivables.....		55.237	35
Prepayments and accrued expenses.....		208.160	201
Accounts receivable.....		5.065.125	3.780
Cash and cash equivalents.....		885.318	3.448
CURRENT ASSETS.....		10.029.254	11.264
ASSETS.....		10.584.593	11.463

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2015 DKK	2014 DKK '000
Share capital.....		130.000	130
Retained profit.....		-9.649.763	-7.579
EQUITY.....	5	-9.519.763	-7.449
Other provisions for liabilities.....		60.000	100
PROVISION FOR LIABILITIES.....		60.000	100
Prepayments received from customers.....		50.722	50
Trade payables.....		531.349	492
Payables to group enterprises.....		16.766.025	15.863
Other liabilities.....		2.696.260	2.407
Current liabilities.....		20.044.356	18.812
LIABILITIES.....		20.044.356	18.812
EQUITY AND LIABILITIES.....		10.584.593	11.463
 Contingencies etc.	 6		
Uncertainty with respect to going concern	7		

NOTES

	2015 DKK	2014 DKK '000	Note
Staff costs			1
Wages and salaries.....	4.734.102	4.353	
Pensions.....	350.088	341	
Social security costs.....	85.368	96	
Other staff costs.....	166.940	232	
	5.336.498	5.022	
Other financial income			2
Other interest income.....	8.864	65	
	8.864	65	
Other financial expenses			3
Group enterprises.....	409.059	1.221	
Other interest expenses.....	68.429	0	
	477.488	1.221	
Tangible fixed assets			4
	Production plants and machinery	Other plants, machinery, tools and equipment	Leasehold improvements
Cost at 1 January 2015.....	814.168	350.168	411.776
Addition.....	422.447	23.432	54.476
Disposal.....	-129.000	-22.325	0
Cost at 31 December 2015.....	1.107.615	351.275	466.252
Depreciation and write-down at 1 January 2015.....	762.875	257.762	411.776
Reversal of depreciation of assets disposed of..	-129.000	-16.145	0
Depreciation.....	49.720	50.995	9.987
Depreciation and write-down at 31 December 2015.....	683.595	292.612	421.763
Carrying amount at 31 December 2015.....	424.020	58.663	44.489

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Equity

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	Share capital	Retained profit	Total
Equity at 1 January 2015.....	130.000	-7.578.689	-7.448.689
Proposed distribution of profit.....		-2.071.074	-2.071.074
Equity at 31 December 2015.....	130.000	-9.649.763	-9.519.763
			2015
			DKK
Share capital at 1 January 2010.....			125.000
Capital increase by conversion of debt, 29 August 2014.....			5.000
Share capital at 31 December 2015.....			130.000

Contingencies etc.

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The company has signed leasing obligations with an average annual lease payment of 218 t.DKK. and a remaining period of 15-51 months.

In addition, the company has signed lease contracts with an average annual lease payment of 487 t.DKK.

Uncertainty with respect to going concern

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The company is depending on necessary funding from the German parent company. The parent company has confirmed that they will provide the necessary funding for continued operations.