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NOVOFERM DANMARK APS
FYNSGADE 1, 6520 TOFTLUND
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2016

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 23 March 2017**

Thomas Hage

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COMPANY DETAILS**Company**

Novoferm Danmark ApS
Fynsgade 1
6520 Toftlund

E-mail: jesper@novoferm.dk

CVR no.: 26 90 56 21

Established: 28 November 2002

Registered Office: Toftlund

Financial Year: 1 January - 31 December

Board of Executives

Thomas Hage
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 2016.

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 the Company's financial position at 31 December 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

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

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

Toftlund, den 13. marts 2017

Board of Executives

Thomas Hage

Anders Majland Jensen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Novoferm Danmark ApS

Opinion

We have audited the Financial Statements of Novoferm Danmark ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to Going Concern

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

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 that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Haderslev, 13 March 2017

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 will be provided for continued operations.

We are satisfied with the result of 2016. In 2016, Novoferm Denmark ApS strengthened its position in both industrial and residential markets. The positive result is driven by a significant increase in sales together with a continuous focus on overhead cost.

In 2017, we expect a moderate increase in sales, and an overall result in line with 2016.

Significant events after the end of the financial year

There has not ocured any events of main importance for the companys finacial position after the end og this financiael year.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2016 DKK	2015 DKK '000
GROSS PROFIT		5.163.121	3.859
Staff costs.....	1	-5.099.481	-5.333
Depreciation, amortisation and impairment.....		-209.564	-129
OPERATING LOSS		-145.924	-1.603
Other financial income.....	2	75.117	9
Other financial expenses.....	3	-505.851	-477
PROFIT BEFORE TAX		-576.658	-2.071
Tax on profit/loss for the year.....		0	0
PROFIT FOR THE YEAR		-576.658	-2.071
PROPOSED DISTRIBUTION OF PROFIT			
Accumulated profit.....		-576.658	-2.071
TOTAL		-576.658	-2.071

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2016 DKK	2015 DKK '000
Production plants and machinery.....		473.416	423
Other plants, machinery, tools and equipment.....		60.852	58
Leasehold improvements.....		33.594	44
Tangible fixed assets.....	4	567.862	525
Rent deposit and other receivables.....		49.792	29
Fixed asset investments.....	5	49.792	29
FIXED ASSETS.....		617.654	554
Finished goods and goods for resale.....		4.405.244	4.079
Inventories.....		4.405.244	4.079
Trade receivables.....		5.157.856	4.802
Other receivables.....		2.379	55
Prepayments and accrued income.....		159.382	208
Receivables.....		5.319.617	5.065
Cash and cash equivalents.....		1.677.124	886
CURRENT ASSETS.....		11.401.985	10.030
ASSETS.....		12.019.639	10.584

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2016 DKK	2015 DKK '000
Share capital.....		130.000	130
Retained profit.....		-10.226.421	-9.650
EQUITY.....	6	-10.096.421	-9.520
Other provisions for liabilities.....	7	20.000	60
PROVISION FOR LIABILITIES.....		20.000	60
Prepayments received from customers.....		165.750	51
Trade payables.....		1.088.558	531
Payables to group enterprises.....		17.997.541	16.765
Other liabilities.....		2.844.211	2.697
Current liabilities.....		22.096.060	20.044
LIABILITIES.....		22.096.060	20.044
EQUITY AND LIABILITIES.....		12.019.639	10.584
 Contingencies etc.	 8		
Uncertainty with respect to going concern	9		

NOTES

	2016 DKK	2015 DKK '000	Note
Staff costs			1
Average number of employees 7 (2015: 7)			
Wages and salaries.....	4.627.095	4.732	
Pensions.....	329.669	350	
Social security costs.....	65.274	85	
Other staff costs.....	77.443	166	
	5.099.481	5.333	
Other financial income			2
Other interest income.....	75.117	9	
	75.117	9	
Other financial expenses			3
Affiliated enterprises.....	505.290	409	
Other interest expenses.....	561	68	
	505.851	477	
Tangible fixed assets			4
	Production plants and machinery	Other plants, machinery, tools and equipment	Leasehold improvements
Cost at 1 January 2016.....	1.107.639	351.276	466.252
Additions.....	207.095	37.888	0
Cost at 31 December 2016.....	1.314.734	389.164	466.252
Depreciation and write-down at 1 January 2016.....	683.825	292.612	421.763
Depreciation for the year.....	157.493	35.700	10.895
Depreciation and write-down at 31 December 2016.....	841.318	328.312	432.658
Carrying amount at 31 December 2016.....	473.416	60.852	33.594
Fixed asset investments			5
		Rent deposit and other receivables	
Cost at 1 January 2016.....		49.792	
Cost at 31 December 2016.....		49.792	
Carrying amount at 31 December 2016.....		49.792	

NOTES

				Note
Equity				6
	Share capital	Retained profit	Total	
Equity at 1 January 2016.....	130.000	-9.649.763	-9.519.763	
Proposed distribution of profit.....		-576.658	-576.658	
Equity at 31 December 2016.....	130.000	-10.226.421	-10.096.421	
		2016	2015	
		DKK	DKK '000	
Other provisions for liabilities				7
Provision expected decay within 1 year.....		20.000	60	
Contingencies etc.				8
<p>The company has signed leasing contracts with an average annual lease payment of 212 TDKK. and a remaining period of 3-39 months and an obligation to purchase some of the equipment at the end of the lease with an amount of 88 TDKK.</p>				
<p>In addition, the company has signed leases on buildings with an average annual rent of 319 TDKK.</p>				
Uncertainty with respect to going concern				9
<p>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.</p>				

ACCOUNTING POLICIES

The annual report of Novoferm Danmark ApS for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B, with addition of provisions for reporting class C.

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

INCOME STATEMENT

Net revenue

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 and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

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 expenses

Other external expenses include cost of sales, advertising, administration, premises, buildings, loss on bad debts, operational lease expenses, etc.

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 deducted from staff costs.

Financial income and expenses in general

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities 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 may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Tangible fixed assets

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

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:

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

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

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 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.

Receivables

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

ACCOUNTING POLICIES

Accruals, assets

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

Other provisions for liabilities

Other 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. Claims against the product is to be covered by the manufacturer and only claims about the installation is to be covered by the company. 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 entity.

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. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Other liabilities are measured at amortised cost equal to nominal value.