Annual Report for 2015

Haldor Topsøe Holding A/S
CVR no. 30 82 67 52

HALDOR TOPSØE

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The annual financial statement is presented and approved at the annual general meeting on April 1, 2016

Lene R

Chair of the meeting, Lene Ramm

HALDOR TOPSØE

Directors' report

2015 represented a year of change for both Haldor Topsøe Holding A/S and many of its activities.

A complete generation change of the board members was implemented early in the year as a result of a long and very constructive process involving the entire Topsøe family.

Haldor Topsoe A/S was impacted by geopolitical events and a slowdown in several markets in 2015 but despite of this managed to maintain its market shares and keep its leading position. The strategy implemented in 2012 had to be revised to better reflect this new situation and unfortunately it was therefore necessary to lay off excess employees. Under these circumstances the financial result for 2015 was acceptable and we feel confident that Haldor Topsoe A/S is uniquely positioned to deliver the solutions needed in our globalized world and as a company will prosper from this.

The last years' exciting developments at IGM Biosciences Inc. continued at a high pace in 2015 and a process of finding ways to commercialize these great scientific achievements has been initiated.

During the year a new subsidiary, Frydenlund Ejendomsselskab ApS, was established and the property "Frydenlund" was acquired. We believe this will be a great asset moving forward for our family company.

Haldor Topsoe A/S

Haldor Topsoe A/S' business in 2015 was negatively impacted by global unrest and dwindling macroeconomic development in several of the most important markets.

Revenue reached DKK 5,785 million in 2015, which was 2% more than in 2014 and the highest ever. Revenue was positively influenced by currency fluctuations, and adjusted for this effect, revenue in 2015 was 4% lower than the year before. EBIT in 2015 was DKK 502 million against DKK 563 million in 2014, a reduction of 11%.

The negative market conditions affected the entire industry, however, Haldor Topsoe A/S maintained its market shares in 2015. During the year, a number of initiatives were implemented in order to reduce the cost base, including the hard, but inevitable decision to lay off approximately 160 good colleagues in August 2015. Haldor Topsoe A/S also implemented a comprehensive cost awareness program that led to significant cost reductions. However, financial results improved in the second half of 2015 compared to the first six months as a consequence of the initiatives taken and an improvement in technology revenue.

The company achieved very good progress on the construction work of two new catalyst manufacturing plants in China and Brazil and successfully introduced new improved catalysts and a number of new unique technologies to the market in 2015, as a result of the company's continued high level R&D work.

As a response to the difficult market situation, Haldor Topsoe A/S adjusted its strategy in 2015 to better reflect the current geopolitical and macroeconomic landscape.

IGM BioSciences, Inc.

IGM Biosciences made tremendous progress throughout 2015 and established itself as the leader of developing protein engineered igm based antibodies. This scientific progress enabled Haldor Topsøe Holding A/S to allocate funding for the operation of the company and to commit further substantial funding covering all of 2016. The company added additional highly skilled scientists and employees to their personnel to further strengthen the positive developments. On the background of this very exciting progress on the scientific side it was later on in the year decided to begin initial discussions with potential commercial partners. We expect that this process will be intensified over the coming years, eventually paving the way for a commercialization of the novel technologies developed by the company.

Frydenlund Ejendomsselskab ApS

During the year Frydenlund Ejendomsselskab ApS was established as a 100% owned subsidiary. The property, ”Frydenlund”, formerly owned by Haldor and Inger Topsøe, was acquired by the company. After a careful renovation planned for 2016 the main house will serve as a conference center and for representative purposes for Haldor Topsoe A/S and we believe this will be a very valuable asset for the employees and business partners. The orchard at the property will be modernized and new facilities are planned to enable this.

CSR Policies

In 2014 Haldor Topsoe A/S implemented the “Topsoe Group Code of Conduct” which includes policies covering anticorruption, competition law and other compliance issues. During 2015 policies for Corporate Social Responsibility (CSR) & Sustainability were implemented with the following headline definition: “Optimizing our customers' performance by developing sustainable solutions and products that address global challenges, while simultaneously balancing the economic, social and environmental aspects in our value chain.” Further details and information about the CSR policies including gender composition of management can be found on http://www.topsoe.com/about/corporate-social-responsibility-sustainability.

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I want to thank the entire Topsøe family and especially the members of the second generation for their valuable efforts and contributions in 2015 to ensure a smooth generational transition of the board. I also want to thank the new board members for their contributions to what has been a very busy period for our family company. Together, we will continue to do all we can to support the development of our group of companies and I am truly excited about the prospects for the future of Haldor Topsøe Holding A/S. I am honored to be trusted the task of chairing the development of our activities and the legacy of my grandfather. Finally, and most importantly, I want to thank all the employees for their dedication and hard work in a year made difficult by frequent headwinds.

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HALDOR TOPSØE

Five-year summary

DKK million

Profit	2015	2014	2013	2012	2011
Revenue	5,785	5,685	5,348	5,244	4,421
Gross profit	2,452	2,521	2,400	2,141	1,924
EBITDA	748	898	866	792	668
Depreciation and amortization	-293	-366	-175	-200	-201
EBIT	455	532	691	592	467
Financial income/(expenses)	-64	-31	-79	-87	-17
Net profit	251	381	513	362	337
Balance sheet					
Balance sheet total	10,075	9,225	8,687	8,157	7,936
Equity (excl. minority)	4,808	4,534	4,113	3,638	3,400
Net working capital	438	485	371	251	162
Net indebtedness	1,524	1,419	1,497	1,236	1,539
Cash flow					
Cash flow from:					
- operating activities	716	614	427	742	647
- investment activities	-701	-585	-667	-331	-161
- hereof investments in property, plant and equipment	-651	-600	-664	-307	-210
- financing activities	63	18	329	-367	-629
Change in cash and cash equivalents	95	47	89	44	-143
Average number of employees					
Average number of employees	2,700	2,703	2,436	2,195	2,091
Ratios in %					
Gross margin	42.4	44.3	44.9	40.8	43.5
EBITDA margin	12.9	15.8	16.2	15.1	15.1
EBIT margin	7.9	9.4	12.9	11.3	10.6
Return on invested capital (ROIC)	7.0	8.7	12.5	11.7	9.3
Equity ratio	47.7	49.1	47.3	44.6	42.8
Return on equity	5.4	8.8	13.2	10.3	10.2

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Financial report 2015

Haldor Topsøe Holding A/S experienced a challenging year in 2015. This was due to the headwinds experienced at Haldor Topsoe A/S which constitutes the vast majority of the operations under Haldor Topsøe Holding A/S.

The challenging market conditions affected the entire industry, but Haldor Topsoe A/S maintained its market shares in 2015. The results do not meet the growth ambitions. During the year, a number of initiatives were implemented in order to reduce the cost base, the effect of which we saw already in the second half of 2015.

Despite the negative market conditions affecting the entire industry, it is positive that Haldor Topsøe Holding A/S maintained a strong operating cash flow (DKK 716 million).

EBIT decreased by 14% to DKK 455 million corresponding to an EBIT margin of 7.9% (2014: 9.4%).

R&D expense level was maintained at a high level with a R&D-to-revenue-ratio of 10% (2014: 11%)

Income statement

Revenue

Revenue increased 2% to DKK 5,785 million (2014: DKK 5,685 million). The strengthened USD/DKK exchange rate impacted revenue positively by 6%. Revenue decreased by 4% in local currencies. The revenue development was negatively impacted by difficult market conditions as a result of reduced global growth and geopolitical events. Catalyst revenue increased by 2%, and technology revenue increased by 1%. Market shares were generally maintained in 2015.

Earnings before interest, tax, depreciation, and amortization (EBITDA)

EBITDA decreased by 17% to DKK 748 million, corresponding to an EBITDA margin of 12.9% (2014: 15.8%).

Staff expenses increased by 5% to DKK 1,704 million. In August 2015, a general staff reduction was effectuated and approx. 160 jobs were made redundant. Related redundancy costs of DKK 44 million have been accounted for in 2015. Also, a number of other cost saving activities were initiated. Raw materials (incl. changes in inventories) were at the same level as in 2014. Purchased equipment for contract work increased by 15% to DKK 400 million due to increased equipment content in the technology offerings. Other external expenses increased by 8% to DKK 1,232 million.

Earnings before interest and tax (EBIT)

EBIT decreased 14% to DKK 455 million corresponding to an EBIT margin of 7.9% (2014: DKK 532 million and an EBIT margin of 9.4%). Adjusting for the DKK 151 million loss incurred in 2014 in relation to the closure of Topsoe Fuel Cell A/S (TOFC) and the cost of DKK 44 million in connection with the lay-offs made in 2015, EBIT decreased by DKK 184 million, or 27%, compared to 2014. Depreciation decreased by 20% to DKK 293 million, mainly due to asset impairment of DKK 123 million in 2014 related to the closure of Topsoe Fuel Cell, whereas ordinary depreciation increased due to completion of new production lines in Denmark and China.

Net profit

Net profit decreased 34% to DKK 251 million (2014: DKK 381 million).

The reduction in net profit is explained by:

The reduction in EBIT to DKK 455 million in 2015 (2014: DKK 532 million). Dividend from KAFCO decreased by 50% to DKK 27 million. There were negative net exchange adjustments of DKK 17 million (2014: DKK 10 million).

Net interest decreased by DKK 14 million as a result of lower market interest rates and margins.

Tax increased by DKK 11 million to DKK 131 million.

Cash flow and balance sheet

Cash flows from operating activities

Cash flows from operating activities were maintained at a high level and amounted to DKK 716 million (2014: DKK 614 million). Working capital was reduced by DKK 146 million and net working capital amounted to 7.8% of revenue (2014: 9.5%).

CAPEX

CAPEX increased by 19% and amounted to DKK 765 million (2014: DKK 644 million). Two new production lines in Tianjin, China, and Joinville, Brazil, were being constructed in 2015.

Net indebtedness

Net indebtedness increased by 7% and amounted to DKK 1,524 million (2014: DKK 1,419 million).

The interest bearing debt at the end of 2015 was DKK 2,136 million (2014: DKK 1,936 million).

Return on invested capital (ROIC)

ROIC amounted to 7.0% (2014: 8.7%).

Order backlog

The order backlog at the end of 2015 was at a satisfactory level covering a major part of the engineering and catalyst production capacity for 2016. The lifting of sanctions on Iran is expected to have a significant positive impact on the order backlog due to restart of projects previously impacted by sanctions as well as new orders.

Outlook for 2016

Haldor Topsoe A/S

Revenue

Revenue in 2016 is expected to be in line with or slightly above 2015 revenue.

EBIT

EBIT margin is expected to increase in 2016 compared to 2015. EBIT is expected to be positively impacted from re-started Iranian contracts due to lifting of sanctions on Iran in 2016.

We expect to maintain a high level of R&D and business development activities in 2016 of 9-10% of revenue.

Start-up of new production lines in China and Brazil may have a negative short-term impact on EBIT.

In the second half of 2015, actions were taken to reduce the cost base. This will have a positive influence on the 2016 result.

Cash flow and funding

Operating cash flows are expected to continue to be strong. Haldor Topsoe A/S's current funding position is strong, based on access to the corporate bond market, institutional banks as well as commercial banks. In addition to refinancing initiatives taken in 2015, Haldor Topsoe A/S will actively pursue attractive refinancing options in 2016.

As part of the corporate bond issuance in 2013, Haldor Topsoe A/S was credit rated as an investment grade company in shadow ratings performed by two major Nordic banks. These shadow ratings have been maintained throughout 2014 and 2015.

Haldor Topsoe A/S intends to maintain a credit profile that matches that of an investment grade company during a business cycle. When market terms are attractive and there is a need, Haldor Topsoe A/S will consider issuing additional corporate bonds as well as obtaining other credit facilities.

IGM BioSciences, Inc.

The company is expected to continue its progress in testing and improving its igm designed antibodies. The year should also bring about some result of our initial discussions with potential commercial partners. The scientific progress made so far and the positive outlook of the future has enabled Haldor Topsøe Holding A/S to commit full funding of the operation of the company in to 2017. We expect that the progress will be intensified over the coming years, eventually paving the way for a commercialization of the novel technologies developed by the company.

Forward-looking statements

Haldor Topsøe Holding A/S' financial reports, whether in the form of annual reports or interim reports, filed with the Danish Business Authority and/or announced via the company's website, as well as any presentations based on such financial reports, and any other written information released, or oral statements made, to the public based on this annual report or in the future on behalf of Haldor Topsøe Holding A/S, may contain forward-looking statements.

These forward-looking statements are based on current plans, estimates and projections. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which may be outside Haldor Topsøe Holding A/S' influence, and which could materially affect such forward-looking statements.

Haldor Topsøe Holding A/S cautions that a number of factors, including those described in the risk management part of this report, could cause actual results to differ materially from those contemplated in any forward-looking statements.

Risk management

Enterprise risk management

Since 2013, Haldor Topsoe A/S has operated an enterprise risk management program with quarterly reporting from business and resource units to Executive Management, followed up by reviews and mitigating activities. In 2013, Haldor Topsoe A/S prepared a description of the various risks as part of the company's corporate bond issuance. This risk factor description can be found as part of the company description on www.topsoe.com.

The general risk factors and the associated mitigating actions for the Haldor Topsøe Holding Group are outlined below.

Strategic operational risks

Customer demand

Based on the continued development of current as well as new products and processes, we expect demand to be strong. Catalysts are involved in the vast majority of the world's chemical processes today, and we see no indication of reduced demand or substitutes. For new products, processes and services being developed, we are depending on market demand picking up in order to increase the sales.

Intellectual Property (IP) protection

As a highly innovative company, we pursue IP protection through for instance patents, trade secrets, trademarks, design and copyright law. The IP could, however, be challenged, invalidated, circumvented or rendered unenforceable. Defending and prosecuting the IP rights are therefore of paramount importance.

Raw material prices and availability

The cost of raw materials is a significant cost component in the products, and prices can fluctuate considerably. We seek to mitigate this risk through escalation clauses in customer contracts. The escalation clauses are linked to market indices. In addition, we use financial hedging to a certain extent. Moreover, we seek to have multiple suppliers for each raw material. We are exposed to single source risk on some raw material supplies, which makes us vulnerable to cost increases. We work actively to limit the single source exposure.

Operational risks

The Group's production of catalysts takes place in Frederikssund, Denmark, Houston, US, Tianjin, China, and from 2016 also Joinville, Brazil. If, for some reason, production is closed down for an extended period in one of the operational plants, or if commissioning of new plants is substantially delayed, it will have a material impact on the Group's earnings. We seek to mitigate this risk by having multiple production lines for certain products as well as a safety stock policy. We have also taken out business interruption insurance and property insurance, etc.

Issuance of bonds in support of contractual liabilities is an inherent and necessary part of our business model, for instance in the form of bid bonds, advance payment bonds and performance bonds issued by banks on behalf of the Group. Risk mitigation is obtained via thorough structuring of contracts and related bonds.

Insurance

Besides property insurance and business interruption insurance, a number of other operational risks are insured, including general liability and product liability as well as professional indemnity and transportation.

Geopolitical risks

The Group's global presence exposes earnings to geopolitical events. Political actions, such as trade barriers, embargoes, new taxes, currency restrictions, the passing of environmental legislation, etc., may impact results and cash flows.

This risk is to a certain degree mitigated through the monitoring of regulatory initiatives, geographical diversification, and by ensuring – to the extent possible – that cash flows are maintained positive for the individual contracts.

Financial risks

Currency risks

As the Group operates globally, the income statement, balance sheet, and cash flows are subject to the risk of currency fluctuations, mainly in relation to flows of EUR and USD.

Part of the risk is mitigated through natural hedges arising from activities where the Group has both income and expenses in the same currency. However, the risk is not fully covered by natural hedges, and consequently we hedge certain future cash flows. A 5% increase in the USD/DKK exchange rate is assessed to have a positive EBIT effect of DKK 20-25 million.

Interest rate risk

Long-term debt consists of loans and bonds with fixed and floating interest rates. In order to secure a distribution between fixed and floating rate debt that matches the asset distribution, interest rate swaps are applied. For the floating rate portion of the Group's interest bearing debt, a change in the interest rate level of 1 percentage point will increase interest expenses by DKK 12 million.

Credit risk

The credit risk of the Group is primarily related to trade receivables relating to state-owned as well as privately owned corporations. We seek to mitigate credit risk by applying instruments such as letters of credit and bank guarantees as well as selective structuring of payment terms etc.

Counterparty risk

In this context, counterparty risk is defined as credit risk on financial institutions when dealing with them, either by placing deposits, entering into derivative financial instrument transactions or otherwise. In order to reduce counterparty risk, the Group only deals with financial counterparties, which – based on Management's assessment – have a satisfactory credit rating from a recognized international credit rating agency.

Liquidity risks

The Group must maintain sufficient liquidity to fund daily operations, debt service, and for future expansion purposes. The Group's access to liquidity consists of cash and cash equivalents, including access to credit facilities.

Restrictive covenants

Some of the financing arrangements of the Group are subject to financial covenants, and if violated, this could limit the ability to finance the Group's operations and capital needs for pursuing acquisitions and other business activities. Covenants include equity ratio, interest coverage and leverage (net debt/EBITDA) requirements.

Tax

The Group is exposed to a large number of different tax regimes across the countries in which we operate, and there is a risk of unexpected taxation due to uncertainty of the interpretation of local tax regulations. To mitigate this risk, we consult external advisors.

Statement by the Executive Management and Board of Directors on the Annual Report

The Executive Management and Board of Directors have today considered and adopted the Annual Report 2015 of Haldor Topsøe Holding A/S.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS), and the financial statements of the parent company have been prepared in accordance with the Danish Financial Statements Act. In our opinion, the parent company financial statements and the consolidated financial statements give a true and fair view of the financial position at December 31, 2015 of the Group and the parent company and of the results of the Group and parent company operations and the Group and parent company's cash flows for 2015 in accordance with the applied accounting policies.

In our opinion, the Directors' Report includes a true and fair account of the development in the operations and financial circumstances of the Group and the parent company, and the results for the year and of the financial position of the Group and the parent company as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent company.

We recommend that the Annual Report be adopted at the annual general meeting.

Lyngby, April 1, 2016

Executive Management

Hans Kornerup

Board of Directors

Jakob Haldor Topsøe (Chairman)	Christina Teng Topsøe
Martin Topsøe	Emil Øigaard

Independent auditor's report

To the shareholder of Haldor Topsøe Holding A/S

Report on consolidated financial statements and parent company financial statement

We have audited the consolidated financial statements and the parent company financial statements for the financial year January 1 to December 31, 2015 which comprise income statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies, cash flow statement as well as statement of comprehensive income for the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company financial statements are prepared under the Danish Financial Statements Act. Moreover the consolidated financial statements are prepared in accordance with additional disclosure requirements of the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements and for preparing parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and the parent company financial statements.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at December 31, 2015 and of the results of the Group's operations and cash flows for the financial year January 1 to December 31, 2015 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements.

Moreover, in our opinion, the parent company financial statements give a true and fair view of the parent company's financial position at December 31, 2015 and the results of the parent company's operations and cash flows for the financial year January 1 to December 31, 2015 in accordance with the additional disclosure requirements of the Danish Financial Statements Act.

Statement on management's review

We have read management's review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the consolidated financial statements and the parent company financial statements. On this basis, in our opinion, the information provided in management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, April 1, 2016

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR nr. 33 77 12 31

Kim Füchsel	Mikkel Sthyr
State Authorized	State Authorized
Public Accountant	Public Accountant

Accounting policies of the Haldor Topsøe Holding Group

Basis of preparation

The consolidated financial statements of Haldor Topsøe Holding A/S have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, as well as additional Danish disclosure requirements applying to large enterprises of reporting class C.

The accounting policies are unchanged from last year.

New standards, amendments and interpretations adopted by Haldor Topsøe Holding

The following standards have been applied by Haldor Topsøe Holding for the financial year 2015:

- Annual improvements to IFRS (2010-2012). These annual improvements include a number of minor changes to IFRS:
    - IFRS 3: Clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity on the basis of the definitions in IAS 32.
    - IFRS 13: Clarifies that the standard did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.
    - IAS 16 and IAS 38: Clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount.
    - IAS 24: The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.
- Annual improvements to IFRSs (2011-2013). These annual improvements include a number of minor changes to IFRS:
    - IFRS 3: Clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11.
    - IFRS 13: Clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.
- Amendments to IAS 19: The change regards employee contributions for defined benefit plans.

Haldor Topsøe Holding has assessed that the new standards and amendments to standards and interpretations effective for annual periods beginning after January 1, 2015, do not have any significant impact on the consolidated financial statements of Haldor Topsøe Holding.

New standards, amendments and interpretations not yet effective

A number of new standards and amendments to standards and interpretations have been adopted by IASB and endorsed by the EU. These standards are not yet effective and will be applied when they become effective for Haldor Topsøe Holding:

- Amendments to IAS 1: The key changes are materiality, disaggregation and subtotals, notes and disclosure of accounting policies etc.
- Annual improvements to IFRS (2012-2014): These annual improvements include a number of minor changes to IFRS :
  - IFRS 5: Clarifies that when an asset (or disposal group) is reclassified from ‘held for sale’ to ‘held for distribution’, or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.
  - IFRS 7 “Financial instruments: Disclosures”: There are two amendments to IFRS 7 regarding servicing contracts and interim financial statements.
  - IAS 19: Clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise, e.g. EUR.
- Amendments to IAS 16/IAS 38: Clarification of acceptable methods of depreciation and amortization.
- Amendments to IFRS 11: Accounting for acquisitions of interests in joint operations.

None of the above are expected to have a significant impact on the consolidated financial statements of Haldor Topsøe Holding.

IASB has issued the following amendments or interpretations that are relevant to Haldor Topsøe Holding, but have not yet been endorsed by the EU:

- IFRS 9 ”Financial instruments.”: The standard replaces IAS 39 Financial instruments: Recognition and Measurement. It has three classification categories for debt instruments: amortized cost, fair value through other comprehensive income (‘FVOCI’) and fair value through profit or loss (‘FVPL’). Classification under IFRS 9 for debt instruments is driven by the entity’s business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (‘SPPI’). Equity investments which do not form part of the trading portfolio can be irrevocable designated at fair value through other comprehensive income. Further, a new impairment model, based on expected losses, has been introduced for debt instruments not measured at fair value through profit or loss. A new hedge accounting model has also been introduced under which the qualifying criteria are adjusted so as to better align with risk management practices.
- IFRS 15 ”Revenue from contracts with customers” - including amendments to IFRS 15: Effective date of IFRS 15. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18, which covers contracts for goods and services, and IAS 11, which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of goods or services transfer to a customer – so the notion of control replaces the existing notion of risks and rewards. The principle is applied to each individual performance obligation identified in the contract. The Group is currently analyzing the effect of the standard, which cannot be estimated yet.
- IFRS 16 “Leasing”: IASB has issued a new standard for the recognition of leasing contracts. This will replace IAS 17. The new standard requires that operational leases should be recognized in the balance sheet as an asset and a leasing obligation. The Group is currently analyzing the effect of the standard, which cannot be estimated yet.
- Amendments to IFRS 10, IFRS 12 and IAS 28: Applying the consolidation exception for these entities
- Amendments to IFRS 10/IAS 28: Sale or contribution of assets between an investor and its associate or joint venture.

The above standards and interpretations will be applied when they become effective. None of these are expected to have a significant impact on the consolidated financial statements of Haldor Topsøe Holding, except the potential impact of IFRS 15 “Revenue from contracts with customers” and IFRS 16 “Leasing”.

General

The consolidated financial statements have been prepared in accordance with the historical cost convention, except for the following items that are stated at fair value:

- Land and buildings
- Financial assets available-for-sale
- Derivative financial instruments

Part of the information required by IFRS appears from Management’s Review. The remaining information appears from the following sections.

Consolidation

The consolidated financial statements comprise the parent company, Haldor Holding Topsøe A/S, and enterprises in which the parent company directly or indirectly holds the majority of the voting rights or in which the parent company through share ownership or otherwise exercises control.

Consolidation is performed by summarizing the financial statements of the parent company and group enterprises, which have been prepared in accordance with the Group’s accounting policies.

On consolidation, elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realized and unrealized profits and losses on transactions between the consolidated enterprises.

The parent company’s investments in consolidated group enterprises are set off against the parent company’s share of the net asset value of group enterprises at the time of consolidation.

The non-controlling interest’s share of profit for the year and of equity in subsidiaries which are not wholly owned is included as part of the Group’s profit and equity, respectively, but shown as separate items.

Functional and presentation currency

Items in the financial statements of each of the Group’s enterprises are presented in the currency used in the primary economic environment in which the enterprise operates. The consolidated financial statements are presented in Danish kroner (DKK), which is the functional and presentation currency of the parent company.

Translation policies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction. Foreign currency monetary items are translated into the functional currency at the exchange rates prevailing at the balance sheet date.

Financial statements of group enterprises with another functional currency than Danish kroner are translated into Danish kroner using the exchange rates prevailing at the balance sheet date for balance sheet items and average exchange rates for income statement items.

Realized and unrealized foreign exchange gains and losses are recognized in financial income and financial expenses, except for unrealized losses and gains arising from hedging of future cash flows, which are recognized in equity under reserve for value adjustment of hedging instruments. In addition, the following currency translation differences are recognized directly in equity under the foreign currency translation reserve, using the exchange rates prevailing at the balance sheet date:

- Translation of group enterprises' net assets at the beginning of the financial year.
- Translation of group enterprises' income statements from average exchange rates to the exchange rates prevailing at the balance sheet date.
- Translation of non-current intercompany balances that are considered an addition to the net investment in group enterprises.

Derivative financial instruments

Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are recognized in "Other receivables" and "Other payables".

Changes in the fair values of derivative financial instruments that qualify as hedges of expected future cash flow are recognized directly in equity. Amounts recognized in equity are transferred to the income statement in the period when the hedged item affects the income statement.

Changes in the fair values of derivative financial instruments that do not qualify as hedges are recognized in the income statement. The fair values of derivative financial instruments are determined based on prices obtained from stock exchanges or other reliable data sources.

Income statement

Revenue

Revenue from the sale of finished goods is recognized in the income statement when delivery and transfer of risk have been made before year-end and when the income can be measured reliably and is expected to be received. Revenue is recognized exclusive of VAT and net of discounts relating to sales.

Contract work in progress is recognized based on the stage of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenue and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that economic benefits, including payments, will flow to the Group.

Other operating income

Other operating income comprises income of a secondary nature to the Group's core activities, including government grants provided for research projects.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Government grants

Government grants received for research and development projects are recognized in "Other operating income" as the projects progress. Grants received for investment in property, plant and equipment are set off against the related property, plant and equipment, if directly related. Otherwise grants are recognized as deferred income and systematically recognized in "Other external expenses" over the useful life of the asset.

Leases

Rental expenses are recognized in the income statement on a straight-line basis over the lease term. The liability related to non-cancellable leases is disclosed in the notes.

Tax

Tax consists of current tax for the year, deferred tax as well as any adjustments to prior years. Tax attributable to the profit for the year is recognized in the income statement, whereas tax attributable to equity transactions is recognized directly in equity.

Haldor Topsøe Holding A/S and Danish group enterprises are jointly taxed. Tax for the individual companies is allocated fully on the basis of expected taxable income.

Balance sheet

Intangible assets

Goodwill

Goodwill consists of the positive difference between cost and fair value of identifiable net assets in the acquired enterprise. Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is tested for impairment once a year and if there is an indication of impairment. Goodwill is written down to the lower recoverable amount. The recoverable amount is determined as the higher of net selling price and present value of expected cash flows of the cash-generating unit to which goodwill has been allocated. Impairment indicators comprise e.g.:

- Reduced earnings compared to expected future results
- Material negative development trends in the sector or the economy in the markets of the enterprise.

Impairment loss relating to goodwill is not reversed.

Development projects

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognized as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover the cost of sales and distribution involved as well as the development costs.

Development projects that do not meet the Group’s criteria for recognition in the balance sheet and research expenses are recognized as expenses in the income statement as incurred.

Other intangible assets

Rights and patents are measured at cost less accumulated amortization and impairment losses. Both rights and patents are amortized on a straight-line basis over the remaining patent term, but not exceeding 10 years, due to the notoriously fast development in applied technologies and related uncertainty about longer amortization period.

Internally developed software for major projects is measured at cost less accumulated amortization and impairment losses. Software is amortized on a straight-line basis over 4 years.

Other intangible assets are tested for impairment when there is an indication of impairment. Material impairment indicators which may lead to an impairment test are similar to those stated in the section on goodwill.
Impairment losses relating to other intangible assets are reversed if the recoverable amount subsequently increases.

Gains or losses from divestment of intangible assets are recognized in the income statement under “Other external expenses”.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land and buildings are measured using the revaluation model at cost with the addition of revaluations less accumulated depreciation and impairment losses. Property, plant and equipment under construction are measured at cost.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use as well as costs of restoration to the extent that a provision is recognized at the same time.

In the case of assets of own construction, cost comprises direct and indirect expenses for labor, materials, components and sub-suppliers.

Borrowing costs related to construction of major property, plant and equipment are recognized in cost over the period of construction.

Revaluations of land and buildings are performed on the basis of management's estimate of fair value which is based on an independent valuation. Revaluations less deferred taxes are transferred to the revaluation reserve under equity.

Property, plant and equipment are divided into sub-assets if the future useful life of the individual assets is different.

Depreciation based on cost and revaluations reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	13 -40 years
Plant and machinery	5 - 10 years
Other fixtures and equipment	4 - 20 years

Land is not depreciated.

The residual value and useful lives of the assets are assessed annually and adjusted if necessary at the balance sheet date.

Property, plant and equipment are tested for impairment when there is an indication of impairment. Impairment indicators which may lead to an impairment test are similar to those stated in the section on goodwill. Additionally, indicators comprise damage to the asset or changed use of the asset.

Impairment losses relating to property, plant and equipment are reversed if the recoverable amount subsequently increases.

Gains and losses from sale of property, plant and equipment are recognized in the income statement under "Other external expenses".

Investment in joint venture

Investment in joint venture is recognized and measured under the equity method.

The item "Result of investment in joint ventures" in the income statement includes the proportionate share of the result after tax.

Other securities and investments

Investments are measured at fair value at the balance sheet date.

Unrealized fair value adjustments are recognized directly in equity under the "Reserve for value adjustment of financial assets" available-for-sale. On realization, value adjustments are transferred from equity to the income statement. Impairment losses are recognized in the income statement.

Securities in the form of loans are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provision for bad and doubtful debts.

Inventories

Inventories are measured at cost under the FIFO method. Cost is determined using a standard cost method that includes direct and indirect production costs. Direct production costs comprise raw materials, consumables and direct labor costs, whereas indirect production costs comprise indirect materials and labor costs, maintenance and depreciation of machinery, production buildings and equipment used in the production process as well as the cost of plant administration and management.

Inventories are written down to net realizable value if this is lower than cost. The net realizable value is calculated as the total of future revenue expected to be generated in the process of normal operations and determined by allowing for marketability, obsolescence and development in expected selling price less selling expenses.

Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Contract work in progress

Contract work in progress is measured at the selling price of the work completed calculated on the basis of the stage of completion. The stage of completion is determined on the basis of the share of contract costs incurred compared to the total expected contract costs. Where it is probable that total contract expenses will exceed the total revenue from a contract, the expected loss is recognized as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realizable value.

Prepayments are set off against contract work in progress. Received payments on account exceeding the performed share of contracts are determined separately for each contract and recognized in “Contract work in progress” under current liabilities.

Expenses relating to sales work and the winning of contracts are recognized in the income statement as incurred.

Reserves

The revaluation reserve includes a reserve for revaluation of land and buildings.

The foreign currency translation reserve comprises all translation adjustments arising from the translation of financial statements of group enterprises with another functional currency than Danish kroner as well as translation adjustments concerning non-current intercompany balances that are considered an addition to the net investment in such enterprises.

Reserve for value adjustment of hedging instruments comprises the accumulated net change in the fair value of hedging transactions which meet the criteria of future cash flow hedges and where the hedged transaction has not yet been completed.

Reserve for value adjustment of financial assets available-for-sale comprises the accumulated net change in the fair value of financial assets classified as financial assets available-for-sale. The reserve is dissolved as the financial assets in question have been sold.

Dividend

Proposed dividend for the financial year is recognized in “Retained earnings”.

Pension obligations and similar obligations

The costs of defined contribution plans are recognized in the income statement in the financial year to which they relate.

The costs and liabilities of defined benefit plans are determined in accordance with the projected unit credit method. The liability is calculated annually by an actuary. Actuarial gains and losses are recognized in full in “Equity”. Plan assets are only recognized to the extent that the Group is able to derive future economic benefits such as refunds from the plan or reductions of future contributions.

Costs related to other non-current staff benefits are accrued over the employees’ expected average working life.

Deferred tax

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities. Deferred tax is not recognized in respect of goodwill, unless it is deductible for tax purposes. The tax base of tax loss carryforwards is deducted from deferred tax when it is probable that the losses may be utilized. Deferred tax is measured on the basis of the tax rules and tax rates expected to be in force on elimination of temporary differences. Any changes in deferred tax due to changes in tax rates are recognized in the income statement with the share attributable to the results for the year and directly in equity with the share attributable to equity transactions.

Provisions

Provisions are recognized when – in consequence of a previous event – the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation. Provisions are measured at management's estimate of the discounted amount expected to be required to repay the obligation.

Financial liabilities

Loans such as bonds, mortgage loans and loans from credit institutions which are expected to be held to maturity are recognized initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortized cost, corresponding to capitalized value, using the effective interest rate; the difference between the proceeds and the nominal value is recognized in the income statement over the loan period. Other debts are measured at amortized cost, mainly corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years and is primarily related to government grants.

Other areas

Financial highlights

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios 2010".

The key figures and financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
EBITDA margin	$\frac{\text{EBIT + depreciation, amortization etc. x 100}}{\text{Revenue}}$
EBIT margin	$\frac{\text{EBIT x 100}}{\text{Revenue}}$
Return on invested capital	$\frac{\text{EBIT x 100}}{\text{Average invested capital}}$
Equity ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit x 100}}{\text{Average equity}}$

Key accounting estimates and judgements

In accordance with general accounting policies, determination of the carrying amount of certain assets and liabilities requires assessments and estimates of future events. Assessments and estimates are performed based on historical experience and other factors which management considers reasonable under the circumstances. These assumptions may be incomplete or inaccurate and unexpected issues may arise, which implies that the assessments and estimates made are subject to some uncertainty.

Goodwill is tested for impairment at least once a year and if there is an indication of impairment. The impairment test requires that Management estimates various significant factors, including expected future cash flows, discount rates and growth rates for the period. The sensitivity of estimates made can, combined or individually, be significant.

The Group's properties are measured in accordance with the revaluation model. Fair value is determined on the basis of a market based estimate performed by an independent, qualified valuation expert. The frequency of an independent valuation depends on the extent to which management assesses that the market development shows signs of significant difference between the carrying amount and fair value.

Other investments are measured at fair value at the balance sheet date. To the extent that fair value cannot be derived from an active market, it is required that management assesses and selects an appropriate method for determination of the fair value. In this case, the fair value is measured at the discounted value of expected future cash flows. Material assumptions comprise expected future cash flows, discount rates and growth rates for the period.

The standard cost calculations are reviewed on a regular basis to ensure that all relevant assumptions such as prices, output and capacity utilization are incorporated correctly. Changes in the calculation method used to calculate indirect production costs may impact the gross margin and the overall measurement of inventories. Inventories are written down to net realizable value if this is lower than cost. The need to write down inventories is primarily assessed based on negotiability and production quality.

In management's opinion, the Group's sale of technology is to a high degree individually adjusted, and contract work in progress is consequently measured at the selling price of the work completed based on the stage of completion. The stage of completion is determined on the basis of the share of contract costs incurred compared to the total expected contract costs. These costs are partly based on an estimate which to a high degree is based on historical experience.

Research costs are expensed when incurred. Development costs which do not meet the requirements of capitalization are expensed when incurred. Management assesses whether the capitalization requirements are met based on expectations of the technical possibility of completing the development project, expectations of the existence of a market for the product, etc.

Consolidated income statement

	Note	2015	2014
		DKK mio.	DKK mio.
Revenue	1	**5,785**	**5,685**
Change in inventories of finished goods and intermediate products		-1	-117
Other operating income		37	63
Purchased equipment for contract work		-400	-348
Raw materials and consumables used		-1,737	-1,624
Other external expenses		-1,232	-1,138
Gross profit		**2,452**	**2,521**
Staff expenses	2	-1,704	-1,623
EBITDA		**748**	**898**
Depreciation, amortization and impairment losses	3	-293	-366
EBIT		**455**	**532**
Result of investment in joint venture	4	-9	0
Financial income	5	140	105
Financial expenses	6	-204	-136
Profit before tax		**382**	**501**
Tax	7	-131	-120
Net profit		**251**	**381**
Profit attributable to:			
Owners of the parent		294	395
Non-controlling interests		-43	-14
Net profit		**251**	**381**

Consolidated statement of comprehensive income

	Note	2015	2014
		DKK mio.	DKK mio.
Net profit		**251**	**381**
Foreign currency translation adjustment		109	88
Derivative financial instruments used for hedging of future cash flows		-15	-24
Tax on this		-7	0
Realized derivative financial instruments transferred to financial gain/loss		46	24
Fair value adjustment of available-for-sale financial assets		-27	-20
Tax on this		0	-1
Tax adjustment on revaluation of land and building		6	0
Items that may be reclassified to the income statement		**112**	**67**
Actuarial adjustments on pension obligations		-12	-24
Tax on this		4	8
Items that may not be reclassified to the income statement		**-8**	**-16**
Other comprehensive income		**104**	**51**
Total comprehensive income		**355**	**432**
Attributable to:			
Owners of the parent		386	446
Non-controlling interests		-31	-14
Total comprehensive income		**355**	**432**

Consolidated balance sheet at December 31
Assets

	Note	2015	2014
		DKK mio.	DKK mio.
Goodwill		3,392	3,428
Other intangible assets		113	67
Intangible assets under construction		2	8
Intangible assets	8	**3,507**	**3,503**
Land and buildings		836	705
Plant and machinery		1,119	941
Other fixtures and equipment		282	263
Property, plant and equipment under construction		540	457
Property, plant and equipment	9	**2,777**	**2,366**
Investment in joint venture		30	0
Other securities and investments		388	414
Other receivables		55	42
Investments	10	**473**	**456**
Non-current assets		**6,757**	**6,325**
Inventories	11	**1,227**	**1,155**
Trade receivables	12	1,201	867
Contract work in progress	13	91	127
Tax receivables		0	24
Other receivables	14	146	167
Prepayments		41	43
Receivables		**1,479**	**1,228**
Cash		**612**	**517**
Current assets		**3,318**	**2,900**
Assets		**10,075**	**9,225**

Consolidated balance sheet at December 31
Equity and liabilities

	Note	2015	2014
		DKK mio.	DKK mio.
Share capital	15	2,200	2,200
Share premium		335	335
Revaluation reserve	16	27	21
Foreign currency translation reserve	16	150	47
Reserve for value adjustment of hedging instruments	16	-27	-51
Reserve for value adjustment of financial assets available-for-sale	16	-53	-26
Retained earnings		2,176	2,008
Equity attributable to the owners of the parent		**4,808**	**4,534**
Non-controlling interests		99	147
Total equity		**4,907**	**4,681**
Pension obligations and similar obligations	18	90	71
Deferred tax	19	446	431
Provisions	20	206	196
Deferred income	21	11	8
Bonds	21	996	996
Mortgage debt	21	102	81
Credit institutions	21	830	617
Other payables	22	5	28
Non-current liabilities		**2,686**	**2,428**
Bonds	21	0	17
Mortgage debt	21	11	10
Credit institutions	21	197	215
Prepayments from customers	23	357	437
Contract work in progress	13	1,061	660
Trade payables		399	350
Corporation tax		6	0
Other payables	22	450	424
Deferred income	21	1	3
Current liabilities		**2,482**	**2,116**
Liabilities		**5,168**	**4,544**
Equity and liabilities		**10,075**	**9,225**

Consolidated statement of changes in equity

	Share capital	Share premium	Reserves	Retained earnings	Equity attributable to the owners of the parent	Non-controlling interest	Total equity
	DKK mio.	DKK mio.	DKK mio.	DKK mio.	DKK mio.	DKK mio.	DKK mio.
Equity at January 1, 2015	2,200	335	-9	2,008	4,534	147	4,681
Net profit	0	0	0	294	294	-43	251
Other comprehensive income	0	0	100	-8	92	12	104
Comprehensive income	**0**	**0**	**100**	**286**	**386**	**-31**	355
Dividend	0	0	0	-82	-82	0	-82
Non-controlling interest	0	0	6	-36	-30	-17	-47
Transactions with owners	**0**	**0**	**6**	**-118**	**-112**	**-17**	-129
Equity at December 31, 2015	**2,200**	**335**	**97**	**2,176**	**4,808**	**99**	**4,907**

	Share capital	Share premium	Reserves	Retained earnings	Equity attributable to the owners of the parent	Non-controlling interest	Total equity
	DKK mio.	DKK mio.	DKK mio.	DKK mio.	DKK mio.	DKK mio.	DKK mio.
Equity at January 1, 2014	2,200	335	-76	1,654	4,113	46	4,159
Net profit	0	0	0	395	395	-14	381
Other comprehensive income	0	0	67	-16	51	0	51
Comprehensive income	**0**	**0**	**67**	**379**	**446**	**-14**	432
Dividend	0	0	0	-25	-25	0	-25
Non-controlling interest arising on business combination	0	0	0	0	0	115	115
Transactions with owners	**0**	**0**	**0**	**-25**	**-25**	**115**	90
Equity at December 31, 2014	**2,200**	**335**	**-9**	**2,008**	**4,534**	**147**	**4,681**

Consolidated cash flow statement

	Note	2015	2014
		DKK mio.	DKK mio.
Net profit		251	381
Adjustments for non-cash items	32	479	479
Change in working capital	33	144	-54
Cash flows from operating activities before financial items and tax		874	806
Interest received, etc.		113	51
Interest paid, etc.		-180	-122
Cash flows from ordinary activities		807	735
Corporation tax paid		-91	-121
Cash flows from operating activities		**716**	**614**
Purchase of intangible assets		-67	-28
Purchase of property, plant and equipment		-651	-600
Sale of property, plant and equipment		32	0
Purchase of fixed asset investments		-47	-16
Sale of fixed asset investments		5	5
Dividend received		27	54
Cash flows from investing activities		**-701**	**-585**
Raising of non-current loans		431	186
Repayment of non-current loans		-287	-205
Non-controlling interest's payment of share capital		1	97
Dividend paid		-82	-60
Cash flows from financing activities		**63**	**18**
Change in cash and cash equivalents		**78**	**47**
Cash and cash equivalents at January 1		517	431
Foreign currency translation adjustment		17	39
Cash and cash equivalents at December 31		**612**	**517**
Cash		612	517
Cash and cash equivalents at December 31		**612**	**517**

Notes to the consolidated statements

List of notes

Notes to the Annual Report of the Haldor Topsøe Holding Group

1 Revenue

The Group's activities are in the business segment of providing catalytic processes for integrated solutions to industrial plants. The provision of these integrated solutions comprises fundamental and applied research, reaction engineering, process engineering, mechanical design and production and supply of catalysts. The Group's revenue can be specified as follows:

	2015	2014
	DKK mio.	DKK mio.
Sale of products	5,094	4,964
Sale of services	691	721
Total revenue	**5,785**	**5,685**

Of the total revenue, 25% (2014: 25%) derives from North America and 75% (2014: 75%) from the rest of the world.

Of the total revenue, 25% (2014: 25%) derives from engineering projects.

Government grants for research and development amounting to DKK 13 million (2014: DKK 49 million) have been recognized in the income statement.

2 Staff expenses

	2015	2014
	DKK mio.	DKK mio.
Wages and salaries	1,438	1,357
Pension – defined contribution plan	144	140
Pension – defined benefit plan	11	9
Other social security contribution	167	144
Total	**1,760**	**1,650**
Capitalisation of work performed on property, plant and equipment	-56	-27
Total staff expenses	**1,704**	**1,623**
Executive Management salary	2	4
Executive Management pension	0	1
Fee to Board of directors	1	1
Total remuneration to Executive Management and Board members	**3**	**6**
Average number of employees	**2,700**	**2,703**
Hereof in Denmark	**1,985**	**2,049**

Notes to the Annual Report of the Haldor Topsøe Holding Group

		2015	2014
		DKK mio.	DKK mio.
3	**Depreciation, amortization and impairment losses**		
	Other intangible assets	25	36
	Land and buildings	24	112
	Plant and machinery	151	113
	Other fixtures and equipment	93	105
	Total depreciation, amortization and impairment losses	**293**	**366**

Impairment cost of DKK 123 million relating to the closure of Topsoe Fuel Cell A/S is included in the figures for 2014.

		2015	2014
		DKK mio.	DKK mio.
4	**Result of investment in joint venture**		
	Share of result in joint venture	-9	0
	Total result of investment in joint venture	**-9**	**0**

		2015	2014
		DKK mio.	DKK mio.
5	**Financial income**		
	Income from other investments	27	54
	Interest income	11	1
	Gains on derivative financial instruments (currency)	4	4
	Foreign currency translation adjustment	96	44
	Other financial income	2	2
	Total financial income	**140**	**105**

		2015	2014
		DKK mio.	DKK mio.
6	**Financial expenses**		
	Interest expense	60	64
	Loss on derivative financial instruments (interest)	26	30
	Loss on derivative financial instruments (currency)	23	11
	Foreign currency translation adjustment	94	27
	Other financial expenses	1	4
	Total financial expenses	**204**	**136**

Notes to the Annual Report of the Haldor Topsøe Holding Group

7 Tax

	2015	2014
	DKK mio.	DKK mio.
Current tax for the year	79	86
Change in deferred tax for the year	80	63
Change in corporate tax rate	-34	-30
Adjustments to prior years	6	1
Total tax	**131**	**120**

	2015	2014
	%	%
Danish corporation tax rate	23.5	24.5
Non-deductible expenses	1.2	0.2
Income not subject to tax	0.1	-0.6
Differences in foreign tax rates	15.4	4.8
Adjustments relating to prior years	1.8	0.0
Change in corporate tax	-8.9	-6.1
Other adjustments	1.1	0.2
Effective tax rate	**34.2**	**23.0**

8 Intangible assets

	Goodwill	Other intangible fixed assets	Intangible assets under construction
	DKK mio.	DKK mio.	DKK mio.
Cost at January 1, 2015	3,428	144	8
Exchange adjustments	-36	0	0
Additions during the year	0	62	5
Disposals during the year	0	-6	0
Transfers during the year	0	11	-11
Cost at December 31, 2015	3,392	211	2
Amortization and impairment losses at January 1, 2015	0	77	0
Amortization for the year	0	25	0
Impairment losses for the year	0	0	0
Reversal of amortization and impairment losses on assets sold and scrapped	0	-4	0
Amortization and impairment losses at December 31, 2015	0	98	0
Carrying amount at December 31, 2015	**3,392**	**113**	**2**

Research and development costs expensed in 2015	603

Notes to the Annual Report of the Haldor Topsøe Holding Group

8 Intangible assets (continued)

	Goodwill	Other intangible fixed assets	Intangible assets under construction
	DKK mio.	DKK mio.	DKK mio.
Cost at January 1, 2014	3,379	147	4
Exchange adjustments	49	0	0
Additions during the year	0	19	9
Disposals during the year	0	-27	0
Transfers during the year	0	5	-5
Cost at December 31, 2014	3,428	144	8
Amortization and impairment losses at January 1, 2014	0	66	0
Amortization for the year	0	23	0
Impairment losses for the year	0	13	0
Reversal of amortization and impairment losses on assets sold and scrapped	0	-25	0
Amortization and impairment losses at December 31, 2014	0	77	0
Carrying amount at December 31, 2014	**3,428**	**67**	**8**

Reseach and development costs expensed in 2014	605

Impairment loss for 2014 relates to the closure of Topsoe Fuel Cell A/S.

The goodwill at January 1, 2015 originates from the acquisition of the shares in Haldor Topsøe A/S in 2007 and IGM Biosciences in 2013.

An impairment test has been carried out at December 31, 2015 for the goodwill related to Haldor Topsøe A/S. No indication of impairment was identified.

During the impairment test, the cash generating unit's discounted cash flow is compared to the unit's book value. The cash generating unit is by Management defined as the total activity in the subsidiary Haldor Topsøe A/S. Cash flow is based on forecasts and business plans for the years 2016-2020.

The calculation is based on material assumptions in terms of growth rate and discount rate. The discount rate is determined based on Management's estimate of general capital market conditions and the specific risk profile and has been determined to 9% before tax compared to 11% in 2014. The changes is due to lower market interest rate and lower margin on loan interest rates. The growth rate in the terminal period has by Management been estimated to 2% corresponding to 2014.

The Group has evaluated the goodwill related to IGM Biosciences Inc. at December 31, 2015 and found no reason for an impairment adjustment considering the great scientific progress achived by the company in 2015.

Notes to the Annual Report of the Haldor Topsøe Holding Group

9 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and equipment	Property, plant and equipment under construction
	DKK mio.	DKK mio.	DKK mio.	DKK mio.
Cost at January 1, 2015	922	1,554	655	457
Foreign currency translation adjustment	18	38	3	16
Additions for the year	78	55	85	433
Disposals for the year	-41	-4	-113	0
Transfers for the year	87	252	27	-366
Cost at December 31, 2015	1,064	1,895	657	540
Revaluation at January 1, 2015	39	0	0	0
Foreign currency translation adjustment	5	0	0	0
Revaluation at December 31, 2015	44	0	0	0
Depreciation and impairment losses at January 1, 2015	256	613	392	0
Foreign currency translation adjustment	3	13	1	0
Depreciation for the year	24	151	93	0
Reversal of depreciation on assets sold and scrapped	-11	-1	-111	0
Depreciation and impairment losses at December 31, 2015	272	776	375	0
Carrying amount at December 31, 2015	**836**	**1,119**	**282**	**540**
Carrying amount at December 31, 2015, under the depreciated cost model	792	1,119	282	540
Borrowing costs capitalised in 2015				2

Notes to the Annual Report of the Haldor Topsøe Holding Group

9 Property, plant and equipment (continued)

	Land and buildings DKK mio.	Plant and machinery DKK mio.	Other fixtures and equipment DKK mio.	Property, plant and equipment under construction DKK mio.
Cost at January 1, 2014	869	1,027	513	715
Foreign currency translation adjustment	16	29	5	21
Additions during the year	6	116	63	415
Disposals during the year	-29	-144	-34	0
Transfers during the year	60	526	108	-694
Cost at December 31, 2014	922	1,554	655	457
Revaluation at January 1, 2014	33	0	0	0
Foreign currency translation adjustment	6	0	0	0
Revaluation at December 31, 2014	39	0	0	0
Depreciation and impairment losses at January 1, 2014	164	616	310	0
Foreign currency translation adjustment	5	24	4	0
Impairment losses for the year	35	111	75	0
Depreciation for the year	77	2	30	0
Reversal of depreciation on assets sold and scrapped	-25	-140	-27	0
Depreciation and impairment losses at December 31, 2014	256	613	392	0
Carrying amount at December 31, 2014	**705**	**941**	**263**	**457**
Carrying amount at December 31, 2014. under the depreciated cost model	523	941	263	457
Borrowing costs capitalised in 2014				0

Impairment loss for 2014 relates to the closure of Topsoe Fuel Cell A/S.

Where management assesses that a revaluation is material, the properties in question have been revalued by an independent assessor in connection with year end closing.

Notes to the Annual Report of the Haldor Topsøe Holding Group

9 Property, plant and equipment (continued)

	Level 1	Level 2	Level 3
	DKK mio.	DKK mio.	DKK mio.
Office buildings in Denmark	0	0	300
Production plants in Denmark, US and China	0	0	463
Excess land in US	0	73	0
Distribution of assets stated at fair value at December 31, 2015	**0**	**73**	**763**

	Level 1	Level 2	Level 3
	DKK mio.	DKK mio.	DKK mio.
Office buildings in Denmark	0	0	286
Production plants in Denmark and US	0	0	354
Excess land in US	0	65	0
Distribution of assets stated at fair value at December 31, 2014	**0**	**65**	**640**

Level 1: Quoted prices (unadjusted) in an active market for identical assets.
Level 2: Input other than quoted prices included within level 1 that is observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Input for assets that are not based on observable market data (i.e. unobservable inputs).

There have been no transfers between levels 1 and 2 during the year.

The fair value of office buildings in Denmark has been derived using a market approach primarily based on rental per m^2 for comparable buildings and an interest rate. The rental per m^2 is set at DKK 700-1000 for office buildings and DKK 500-725 for storage and laboratories. The fair value of production plants has been derived using a cost approach, which reflects the cost of constructing similar buildings at an equivalent age and use. Excess land in US is valuated using a sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The sales price per acre is set at USD 105,000.

The current use of land and buildings is considered to represent the highest and best use of the assets.

The valuation methods have not changed from last year.

	2015	2014
	DKK mio.	DKK mio.
Fair value of level 3 assets at January 1	647	680
Additions	165	66
Disposals	-30	-4
Included in the income statement as depreciation	-24	-112
Foreign currency translation adjustment	20	17
Fair value of level 3 assets at December 31	**778**	**647**

Notes to the Annual Report of the Haldor Topsøe Holding Group

10 Investments

	Investment in joint venture	Other securities and investments	Other receivables
	DKK mio.	DKK mio.	DKK mio.
Cost at January 1, 2015	0	440	59
Foreign currency translation adjustment	0	0	2
Additions during the year	39	0	16
Disposals during the year	0	0	-5
Cost at December 31, 2015	39	440	72
Value adjustment at January 1, 2015	0	-26	-17
Net result for the year	-9	0	0
Value adjustments for the year	0	-26	0
Value adjustment at December 31, 2015	-9	-52	-17
Carrying amount at December 31, 2015	**30**	**388**	**55**

	Other securities and investments	Other receivables
	DKK mio.	DKK mio.
Cost at January 1, 2014	431	55
Foreign currency translation adjustment	0	2
Additions during the year	9	7
Disposals during the year	0	-5
Cost at December, 31 2014	440	59
Value adjustment at January 1, 2014	-6	-17
year	-20	0
Value adjustment at December 31, 2014	-26	-17
Carrying amount at December 31, 2014	**414**	**42**

Notes to the Annual Report of the Haldor Topsøe Holding Group

10 Investments (continued)

Investment in joint venture is specified as follows:

Ferrostaal Topsoe Projects GmbH
In 2015, the Group invested in a joint venture together with Ferrostaal GmbH. The share capital of the joint venture is EUR 10 million of which the Group owns 50%. The investment is measured under the equity method.

Other securities and investments are specified as follows:

Karnaphuli Fertilizer Limited, Bangladesh (KAFCO)
The Group has a shareholding in KAFCO of nominally BDT 692 million, which equals 15.01% of the shares in KAFCO. The shares are measured at fair value based on a discounted cash flow calculation on the basis of the present budgets and forecasts of KAFCO. The calculation is moreover based on material assumptions in terms of growth rate and discount rate. The discount rate is determined based on management's estimate of general capital market conditions and the specific risk profile and has been determined at 12% after tax. The growth rate in the terminal period has by management been estimated at 0%. Both the discount rate and the growth rate corresponds to the 2014 rates. Based on these criteria, the KAFCO shares have been written down by DKK 28 million (2014: DKK 25 million).

Chambal Fertilizer and Chemical Ltd., India
The Group has an investment in Chambal Fertilizer and Chemicals Ltd., corresponding to 0.5% of the share capital. The investment is measured at fair value based on listed market value.

Fatima Fertilizer Co. Ltd., Pakistan
The Group has an investment in Fatima Fertilizer Co. Ltd., corresponding to 0.05% of the share capital. The investment is measured at the fair value based on listed market value.

Faradion Ltd., United Kingdom
The Group has an investment in Faradion Ltd., corresponding to 19.07% of the share capital. The investment is measured at fair value based on market value.

11 Inventories	2015 DKK mio.	2014 DKK mio.
Raw materials and consumables	330	294
Work in progress	146	140
Finished goods	751	721
Inventories at December 31	**1,227**	**1,155**
Cost of sales for the year	2,331	2,386
Impairment losses for the year	107	92
Reversed impairment losses for the year	-39	-48

Reversal of impairment losses is attributable to disposal or reuse of impaired goods in the production.

Notes to the Annual Report of the Haldor Topsøe Holding Group

		2015	2014
12	**Trade receivables**	DKK mio.	DKK mio.
	Trade receivables, gross	1,236	878
	Provision for bad debts at January 1	-11	-13
	Provision for bad debts for the year	-26	0
	Reversal of bad debts, prior years	2	2
	Provision for bad debts at December 31	**-35**	**-11**
	Trade receivables	**1,201**	**867**
	Realized losses for the year	2	3
	Of this, due after more than 1 year	0	0

	2015	2014
Receivables, gross due at December 31 have the following aging in %:		
1-90 days	17	26
91-180 days	3	3
181+ days	5	5

		2015	2014
13	**Contract work in progress**	DKK mio.	DKK mio.
	Selling price of work performed at the balance sheet date	5,189	5,157
	Payments received on account	-6,159	-5,690
	Contract work in progress at December 31	**-970**	**-533**
	Contract work in progress recognized in assets	91	127
	Contract work in progress recognized in liabilities	-1,061	-660
	Contract work in progress at December 31	**-970**	**-533**

		2015	2014
14	**Other receivables**	DKK mio.	DKK mio.
	VAT and tax receivable	109	93
	Fair value of derivative financial instruments	2	1
	Dividends receivable	0	26
	Government grants	2	8
	Other receivables	33	39
	Other receivables at December 31	**146**	**167**
	Of this, due after more than 1 year	0	0

Notes to the Annual Report of the Haldor Topsøe Holding Group

15 Share capital

	A shares	B shares	Total
	Number of shares of DKK 1.000	Number of shares of DKK 1.000	Number of shares of DKK 1.000
Share capital at January 1, 2015	200,000	2,000,000	2,200,000
Share capital at December 31, 2015	200,000	2,000,000	2,200,000

	A shares	B shares	Total
	Number of shares of DKK 1.000	Number of shares of DKK 1.000	Number of shares of DKK 1.000
Share capital at January 1, 2014	200,000	2,000,000	2,200,000
Share capital at December 31, 2014	200,000	2,000,000	2,200,000

The Company's share capital is nominally DKK 2,200 million divided into shares of DKK 1,000 or multiples thereof. The share capital is fully paid. The shares are divided into 2 classes. A shares are entitled to 10 votes per share amount of DKK 1,000. B shares are entitled to one vote for each share of DKK 1,000.

The following shareholders are registered in the Parent Company's register of shareholders as the owner of at least 5% of the voting rights or at least 5% of the share capital:

Lissen Haugwitz-Hardenberg-Reventlow, Virum, Denmark
Charlotte Topsøe Voigt, Hellerup, Denmark
Natalina Henriete Knudsen, Hellerup, Denmark
Martin Topsøe, Vejle, Denmark
Anne Haugwitz-Hardenberg-Reventlow, Vedbæk, Denmark
Flemming Topsøe, Vedbæk, Denmark
Malene Topsøe Mailand, Vedbæk, Denmark
Jakob Haldor Topsøe, Vedbæk, Denmark
Frederik Topsøe, Vedbæk, Denmark
Birgitte Øigaard, Vedbæk, Denmark
Katrine Øigaard Sonstad, Vedbæk, Denmark
Emil Ingemann Øigaard, Vedbæk, Denmark
Henrik Topsøe, Klampenborg, Denmark
CT Foundation, Sioux Falls, South Dakota, USA

Notes to the Annual Report of the Haldor Topsøe Holding Group

16 Reserves

	Revaluation reserve	Foreign currency translation reserve	Reserve for value adjustment of hedging instruments	Reserve for value adjustment of financial assets available-for-sale	Total
	DKK mio.	DKK mio.	DKK mio.	DKK mio.	DKK mio.
Reserves at January 1, 2015	21	47	-51	-26	-9
Foreign currency translation adjustment	0	97	0	0	97
Derivative financial instruments used for hedging of future cash flows	0	0	-15	0	-15
Realized derivative financial instruments transferred to financial gain/loss	0	0	46	0	46
Fair value adjustment of financial assets available-for-sale	0	0	0	-27	-27
Tax adjusted on revaluation of land and buildings	6	0	0	0	6
Tax	0	0	-7	0	-7
Other adjustments	0	6	0	0	6
Reserves at December 31, 2015	**27**	**150**	**-27**	**-53**	**97**

Notes to the Annual Report of the Haldor Topsøe Holding Group

16 Reserves

	Revaluation reserve	Foreign currency translation reserve	Reserve for value adjustment of hedging instruments	Reserve for value adjustment of financial assets available-for-sale	Total
	DKK mio.	DKK mio.	DKK mio.	DKK mio.	DKK mio.
Reserves at January 1, 2014	21	-41	-51	-5	-76
Foreign currency translation adjustment	0	88	0	0	88
Derivative financial instruments used for hedging of future cash flows	0	0	-24	0	-24
Realized derivative financial instruments transferred to financial gain/loss	0	0	24	0	24
Fair value adjustment of financial assets available-for-sale	0	0	0	-20	-20
Tax	0	0	0	-1	-1
Reserves at December 31, 2014	**21**	**47**	**-51**	**-26**	**-9**

17 Dividend

Proposed dividend constitutes DKK 65 million (2014: DKK 82 million) corresponding to DKK 29.55 (2014: DKK 37.27) per share.

Dividend of DKK 82 million regarding 2014 has been paid during the year (2014: DKK 60 million) corresponding to DKK 37.27 (2014: DKK 27.27) per share.

Notes to the Annual Report of the Haldor Topsøe Holding Group

18 Pension obligations and similar obligations

The Group has entered into pension plans with a considerable number of its employees. Most of the plans are defined contribution plans and only a small part is defined benefit plans.

Defined contribution plans
The Group finances the plans by currently paying a premium to independent insurance companies that are responsible for the pension obligations. Once the pension contributions to the defined contribution plans have been paid, the Group has no further pension obligations to current or terminated employees.

Defined benefit plans
The Group has made agreements with specific groups of employees regarding payment of certain benefits, including pension. These pensions relate to certain employees in the Group's US subsidiary where the plan partly consists of a basic pension and partly of an additional pension for selected members of management. The pension obligations are partly hedged through an independent fund. Actuarial valuation is performed annually.

	2015	2014
	DKK mio.	DKK mio.
Pension costs	8	7
Interest expenses	11	11
Interest income	-8	-9
Total pension recognized in staff expenses	**11**	**9**

	2015	2014
	%	%
Applied actuarial assumptions:		
Discount rate	3.75	3.50
Future pay increases	3.00	4.00

A change in the discount rate of -0.5% or + 0.5%, respectively, would impact the defined benefit obligation by +5% or -4%, respectively. A change in the future pay increase of -0.5% or +0.5, respectively, would impact the defined benefit obligation by -2% or +2%, respectively.

The weighted average duration of the defined benefit obligation is 9 years (2014: 10 years).

	2015	2014
	%	%
US	42	42
Developed countries	25	22
Emerging markets	2	3
Shares	69	67
US investment grade	11	11
High yield	12	12
Inflation protected	1	1
Other	1	1
Bonds	25	25
Real estate	3	3
Other	3	5
Distribution of assets to cover the obligation at December 31	**100**	**100**

Notes to the Annual Report of the Haldor Topsøe Holding Group

18 Pension obligations and similar obligations (continued)

	2015 DKK mio.	2014 DKK mio.
Present value of pension obligations	314	293
Fair value of pension plan assets	-224	-222
Net obligation at December 31	**90**	**71**

	2015 DKK mio.	2014 DKK mio.
Present value of pension obligations at January 1	293	234
Foreign currency translation adjustment	34	31
Pension costs	8	7
Interest expenses	11	11
Actuarial gains and losses, demographic assumptions	-9	11
Actuarial gains and losses, financial assumptions	2	9
Pension paid	-25	-10
Present value of pension obligations at December 31	**314**	**293**
Fair value of pension plan assets at January 1	222	191
Foreign currency translation adjustment	26	25
Interest on pension assets	8	9
Return on plan assets excl. interest on pension assets	-16	-1
Paid by the company	9	8
Pension paid	-25	-10
Fair value of pension plan assets at December 31	**224**	**222**

Expected pension payments by the Group in 2016 amounts to DKK 23 million.

19 Deferred tax

	2015 DKK mio.	2014 DKK mio.
Deferred tax at January 1	431	408
Foreign currency translation adjustment	2	0
Tax on equity items	-11	-7
Tax for the year	54	60
Tax previous years	-30	-30
Deferred tax at December 31	**446**	**431**
Intangible assets and property, plant and equipment	150	145
Inventories	1	-7
Work in progress	353	336
Provisions	-65	-59
Other	7	16
Deferred tax at December 31	**446**	**431**
Of this, due after more than 1 year	305	135

Notes to the Annual Report of the Haldor Topsøe Holding Group

		2015	2014
		DKK mio.	DKK mio.
20	**Provisions**		
	Provisions at January 1	196	208
	Reversal during the year	-5	-22
	Provisions for the year	15	10
	Provision at December 31	**206**	**196**
	Warranty provision for catalysts and technology projects	201	191
	Waste disposal	1	1
	Other provisions	4	4
	Provisions at December 31	**206**	**196**
	Of this, due after more than 1 year	206	196

		2015	2014
		DKK mio.	DKK mio.
21	**Long-term liabilities**		
	Bonds		
	After 5 years	0	500
	Between 1 and 5 years	996	496
	More than 1 year	996	996
	Less than 1 year	0	17
	Bonds at December 31	**996**	**1,013**
	Mortgage debt		
	After 5 years	59	40
	Between 1 and 5 years	43	41
	More than 1 year	102	81
	Less than 1 year	11	10
	Mortgage at December 31	**113**	**91**
	Credit institutions		
	After 5 years	380	167
	Between 1 and 5 years	450	450
	More than 1 year	830	617
	Less than 1 year	197	215
	Credit institutions at December 31	**1,027**	**832**
	Deferred income		
	After 5 years	10	7
	Between 1 and 5 years	1	1
	More than 1 year	11	8
	Less than 1 year	1	3
	Credit institutions at December 31	**12**	**11**

Notes to the Annual Report of the Haldor Topsøe Holding Group

22 Other payables

	2015 DKK mio.	2014 DKK mio.
Staff related items	222	239
Fair value of derivative financial instruments	34	62
Tax related items	5	7
Other payables	194	144
Other payables at December 31	**455**	**452**
More than 1 year	5	28
Less than 1 year	450	424
Other payables at December 31	**455**	**452**

23 Prepayments from customers

	2015 DKK mio.	2014 DKK mio.
Prepayments related to licence agreements	12	15
Prepayments related to sale of goods	345	422
Prepayments from customers at December 31	**357**	**437**

24 Assets provided as security

For the Group, non-current assets (land and buildings) with a carrying amount of DKK 490 million (2014: DKK 405 million) have been provided as security. The remaining balance of the loans secured by non-current assets as of December 31, 2015, was DKK 112 million for the Group (2014: DKK 91 million). Non-current assets are provided by means of real estate mortgage deeds and owners' mortgage deeds. The nominal value is DKK 143 million (2014: DKK 127 million) for the Group.

Furthermore, all assets of Haldor Topsoe Inc. have been provided as security for a loan amounting to DKK 115 million (2014: DKK 195 million).

Assets and shares are provided as security for mortgage debt and other non-current loans. In case of other debt to the secured creditor, the asset(s) provided as security may – until release thereof – serve as security for any present or future obligation that the group may have towards such parties.

25 Guarantees

The outstanding balance as of December 31, 2015, for guarantees given by banks and credit insurance institutions on the Group's behalf for contract work, etc. amounted to DKK 791 million (2014: DKK 620 million). Other guarantees given by banks on the Group's behalf amounted to DKK 96 million (2014: DKK 242 million), being guarantees for non-current loans from the European Investment Bank. Total bank and insurance guarantees given on the Group's behalf amounted to DKK 887 million (2014: DKK 862 million).

The outstanding balance as of December 31, 2015, for bank guarantees received by the Group from suppliers for contract work etc. amounted to DKK 87 million (2014: DKK 98 million).

The outstanding balance as of December 31, 2015, for letters of credit issued in favor of the Group as security for payment under various supply contracts amounted to DKK 536 million (2014: DKK 468 million).

	2015 DKK mio.	2014 DKK mio.
Less than 1 year	617	579
Between 1 and 5 years	242	253
After 5 years	28	30
Guarantees at December 31	**887**	**862**

Notes to the Annual Report of the Haldor Topsøe Holding Group

26 Contractual obligations

	2015	2014
	DKK mio.	DKK mio.
Less than 1 year	113	90
Between 1 and 5 years	217	268
After 5 years	468	501
Contractual obligations at December 31	**798**	**859**
Payments for the year recognized as operating lease expenses	94	77

Leases and rental agreements relate to premises and equiptment, etc. and extend in some cases to 2032.

27 Contingent liabilities

The Group's property in Frederikssund, Denmark, has been found to be contaminated. The Group has been ordered to prepare a proposal for remediation of the contamination. Management assesses that the remediation costs will not be significant.

28 Fee to auditors appointed at the general meeting

	2015	2014
	DKK mio.	DKK mio.
Statutory audit fee	4	3
Other assurance statements	0	0
Tax assistance	4	2
Other assistance	2	1
Total fee to auditors appointed at the general meeting	**10**	**6**

29 Related parties

Related parties	Transactions	2015	2014
		DKK mio.	DKK mio.
Joint venture	Administration fee	1	0
Joint venture	Outstanding	1	0
Former member of Board of Directors	Legal fee	0	1

Remuneration to Executive Committee and Board of Directors, please see note 3.

Intercompany transactions have been eliminated in the Consolidated Financial Statements.

Notes to the Annual Report of the Haldor Topsøe Holding Group

30 Derivative financial instruments

	Contract amount 2015	Fair value 2015	Contract amount 2014	Fair value 2014
	DKK mio.	DKK mio.	DKK mio.	DKK mio.
Purchase of USD, matures in 2016	68	2	0	0
Sale of USD, matures in 2016	105	-1	0	0
Sale of USD, matures in 2015	0	0	86	-10
Sale of EUR, matures in 2015	0	0	24	0
Forward exchange contracts at December 31	**173**	**1**	**110**	**-10**

The Group uses forward exchange contracts to hedge against changes in exchange rates in volatile currencies, especially USD, for contract related payments up to 12 months forward. When the contract is considered hedging, the fair value is recognized in the balance sheet through other comprehensive income. Otherwise the fair value is recognized directly in statement of profit and loss.

	Contract amount 2015	Fair value 2015	Contract amount 2014	Fair value 2014
	DKK mio.	DKK mio.	DKK mio.	DKK mio.
EUR interest rate swap, matures on December 31, 2021	48	-6	54	-8
DKK interest rate swap, matures on December 30, 2016	600	-23	600	-43
USD interest rate swap, matures on March 31, 2015	0	0	149	-1
Interest swap at December 31	**648**	**-29**	**803**	**-52**

The Group uses interest rate swaps to hedge against changes in interest rate levels and thus to reduce the interest rate risk. Interest rate swaps are used on floating rate loans. The fair value of the swaps is recognized in the balance sheet through other comprehensive income. The Group thus applies the rules on hedge accounting.

	Contract amount 2015	Fair value 2015	Contract amount 2014	Fair value 2014
	DKK mio.	DKK mio.	DKK mio.	DKK mio.
Aggregate amount of commodity swaps within metals, matures in 2016	5	-4	0	0
Aggregate amount of commodity swaps within metals, matures in 2015	0	0	14	1
Commodity swaps at December 31	**5**	**-4**	**14**	**1**

The Group uses commodity swaps to hedge against price fluctuations in raw material, primarily base metals of specific production contracts. Hedging duration depend on the specific underlying contract, but it is typically less than 24 months. The fair value of the swaps is recognized directly in the income statement.

The cost of raw materials is a significant cost component in our products, and costs can fluctuate considerably. The Group seeks to minimize the risk related to commodity price fluctuations through contractual escalation clauses. In addition, the Group uses financial hedging when quoting fixed contract prices.

Notes to the Annual Report of the Haldor Topsøe Holding Group

31 Financial assets and liabilities

	2015 DKK mio.	2014 DKK mio.
Other securities and investments	388	414
Trade receivables	1,201	867
Other financial receivables	201	209
Cash	612	517
Financial assets at December 31	**2,402**	**2,007**
Bonds, mortgage debt and debt to credit institutions	2,136	1,936
Trade payables	399	350
Other financial liabilities	455	452
Financial liabilities at December 31	**2,990**	**2,738**
Assets available-for-sale	388	414
Financial assets measured at amortized cost	2,012	1,592
Derivative financial instruments	2	1
Classification of financial assets at December 31	**2,402**	**2,007**
Financial liabilities measured at amortized cost	2,956	2,676
Derivative financial instruments	34	62
Classification of financial liabilities at December 31	**2,990**	**2,738**
Bonds, mortgage debt and debt to credit institutions:		
Less than 1 year	208	242
Between 1 and 5 years	1,489	987
After 5 years	439	707
Trade payables:		
Less than 1 year	399	350
Derivative financial instruments:		
Less than 1 year	29	34
Between 1 and 5 years	4	26
After 5 years	1	2
Other financial liabilities:		
Less than 1 year	421	390
Maturity analysis of financial liabilities at December 31	**2,990**	**2,738**

Notes to the Annual Report of the Haldor Topsøe Holding Group

31 Financial assets and liabilities (continued)

	Level 1	Level 2	Level 3
	DKK mio.	DKK mio.	DKK mio.
Other securities and investments	16	0	363
Derivative financial instruments	0	2	0
Distribution of assets stated at fair value at December 31, 2015	**16**	**2**	**363**

	Level 1	Level 2	Level 3
	DKK mio.	DKK mio.	DKK mio.
Derivative financial instruments	0	34	0
Distribution of liabilities stated at fair value at December 31, 2015	**0**	**34**	**0**

Level 1: Listed prices in an active market for the same type of instrument.
Level 2: Listed prices in an active market for similar assets or liabilities or other valuation methods according to which all material input is based on observable market data
Level 3: Valuation methods according to which material input is not based on observable market data

Please refer to note 10 for information on input to valuation of investments in other enterprises stated at fair value in level 3.

There have been no tranfers between levels 1, 2 and 3 during the year.

	2015	2014
	DKK mio.	DKK mio.
Fair value of level 3 assets at January 1	391	416
Write-down recognized in other comprehensive income	-28	-25
Fair value of level 3 assets at December 31	**363**	**391**

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31 Financial assets and liabilities (continued)

Financial risks

Currency risks

As Topsoe operates globally, the income statement, balance sheet, and cash flows are subject to the risk of currency fluctuations, mainly in relation to Topsoe's flows of EUR and USD. Part of the risk is mitigated through natural hedges arising from activities where Topsoe has both income and expenses in the same currency. However, the risk is not fully covered by natural hedges, and consequently Topsoe hedges certain future cash flows. A 5% increase in the USD/DKK exchange rate is assessed to have a positive EBIT effect of DKK 20-25 million.

Interest rate risk

Long-term debt consists of loans and bonds with fixed and floating interest rates. In order to secure a distribution between fixed and floating rate debt that matches the asset distribution, interest rate swaps are applied. For the floating rate portion of Topsoe's interest bearing debt, a change in the interest rate level of 1 percentage point will increase interest expenses by DKK 12 million.

Credit risk

The credit risk of Topsoe is primarily related to trade receivables relating to state-owned as well as privately owned corporations. We seek to mitigate credit risk by applying instruments such as letters of credit and bank guarantees as well as selective structuring of payment terms etc.

Liquidity risks

Topsoe must maintain sufficient liquidity to fund daily operations, debt service, and for future expansion purposes. Topsoe's access to liquidity consists of cash and cash equivalents, including access to credit facilities.

Notes to the Annual Report of the Haldor Topsøe Holding Group

32 Adjustments for non-cash items

	2015 DKK mio.	2014 DKK mio.
Financial income	-140	-105
Financial expenses	204	136
Result of investment in joint venture	9	0
Amortization, depreciation and impairment losses, including gains and losses from sale of assets	293	377
Tax	131	120
Other adjustments	-18	-49
Total adjustmens for non-cash items	**479**	**479**

33 Change in working capital

	2015 DKK mio.	2014 DKK mio.
Change in inventories	-32	91
Change in receivables	-408	-104
Change in contract billing	438	7
Change in suppliers, etc.	146	-48
Total change in working capital	**144**	**-54**

34 List of group companies

Name	Registered office	Share capital (thousand)	Voting and ownership share
Haldor Topsoe A/S	Lyngby, Denmark	TDKK 376,000	100%
Haldor Topsoe, Inc.	Houston, USA	USD 5,000	100%
Topsoe Fuel Cell A/S	Lyngby, Denmark	DKK 30,000	100%
Topsoe Energy Conv. & Storage A/S	Lyngby, Denmark	DKK 5,000	100%
Haldor Topsoe India Pvt. Ltd.	New Delhi, India	INR 131,063	100%
Haldor Topsøe (Beijing) Co., Ltd	Beijing, China	CNY 9,643	100%
Haldor Topsøe Catalyst (Tianjin) Co. Ltd.	Tianjin, China	CNY 235,000	55.56%
Haldor Topsøe International A/S	Lyngby, Denmark	DKK 500	100%
OOO Haldor Topsøe	Moscow, Russia	RUB 100	100%
Haldor Topsoe America Latina S.A.	Buenos Aires, Argentina	ARS 310	100%
Haldor Topsoe Sdn. Bhd.	Kuala Lumpur, Malaysia	MYR 1,000	100%
Haldor Topsoe Canada Limited	Vancouver, Canada	CAD 100	100%
Haldor Topsoe Catalisadores e Tecnologias do Brasil Ltda.	Rio de Janeiro, Brazil	BRL 12,143	100%
Subcontinent Ammonia Investment Company ApS	Lyngby, Denmark	DKK 1,000	100%
Haldor Topsoe S.A.	Cape Town, South Africa	ZAR 2,000	100%
IGM Biosciences, Inc.	Palo Alto, USA	USD 23,209	77.65%
Haldor Topsoe Ohio, Inc.	Wilmington, USA	USD 0	100%
Haldor Topsøe Automotive Catalyst	Tianjin, China	CNY 0	100%
Frydenlund Ejendomsselskab ApS	Rudersdal, Denmark	DKK 10,000	100%

Accounting policies of the Haldor Topsøe Holding A/S

Basis of preparation

The financial statements of Haldor Topsøe Holding A/S have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies are unchanged from last year.

The applied accounting policies are similar to those of the Group except for the following matters:

Dividend from group enterprises

The dividend declared for the financial year is recognized in the parent company's income statement.

Investments in group enterprises

Investments in group enterprises are recognized and measured at cost in the parent company's financial statements.

Income statement of Haldor Topsøe Holding A/S

	Note	2015	2014
		DKK mill.	DKK mill.
Other external expenses		-3	-2
Staff expenses	1	-1	-2
EBIT		**-4**	**-4**
Dividend from group enterprises		250	300
Financial income		2	0
Financial expenses	2	-34	-46
Profit before tax		**214**	**250**
Tax	3	10	18
Net profit		**224**	**268**
Proposed dividend		65	82
Retained earnings		159	186
Proposed distribution of profit		**224**	**268**

Balance sheet at December 31 of Haldor Topsøe Holding A/S
Assets

	Note	2015	2014
		DKK mill.	DKK mill.
Investments in group enterprises		5.580	5.475
Investments	4	**5.580**	**5.475**
Non-current assets		**5.580**	**5.475**
Corporate income tax		8	53
Other receivables		2	0
Receivables		**10**	**53**
Cash		**15**	**61**
Current assets		**25**	**114**
Assets		**5.605**	**5.589**

Balance sheet at December 31 of Haldor Topsøe Holding A/S
Equity and liabilities

	Note	2015	2014
		DKK mill.	DKK mill.
Share capital	5	2.200	2.200
Share premium		335	335
Retained earnings		2.352	2.179
Proposed dividend		65	82
Equity		**4.952**	**4.796**
Other payables		0	21
Non-current liabilities	6	**0**	**21**
Payables to group enterprises		629	750
Other payables	6	24	22
Current liabilities		**653**	**772**
Liabilities		**653**	**793**
Equity and liabilities		**5.605**	**5.589**
Suretyship	7		

Statement of changes in equity of Haldor Topsøe Holding A/S

	Share capital	Share premium	Retained earnings	Proposed dividend	Total
	DKK mill.	DKK mill.	DKK mill.	DKK mill.	DKK mill.
Equity at January 1, 2015	2.200	335	2.179	82	4.796
Dividend paid	0	0	0	-82	-82
Fair value adjustment of derivative financial instruments	0	0	14	0	14
Net profit	0	0	159	65	224
Equity at December 31, 2015	**2.200**	**335**	**2.352**	**65**	**4.952**

Cash flow statement of Haldor Topsøe Holding A/S

	2015 DKK mill.	2014 DKK mill.
Net profit	224	268
Adjustment for non-cash items	-228	-272
Change in working capital	-96	-62
Cash flow from operating activities before financial items and tax	-100	-66
Interest received etc.	0	0
Interest paid etc.	-34	-46
Cash flow from ordinary activities	-134	-112
Corporate tax paid	50	-23
Cash flow from operating activities	**-84**	**-135**
Investment in group companies	-93	0
Dividend received	250	300
Cash flow from investing activities	**158**	**300**
Reduction of long term loan	-38	-63
Dividend paid	-82	-60
Cash flow from financing activities	**-120**	**-123**
Change in cash and cash equivalants	**-46**	**43**
Cash and cash equivalents at January 1	61	18
Cash and cash equivalents at December 31	15	61
Change in cash and cash equivalants	**-46**	**43**

Notes to the annual report of Haldor Topsøe Holding A/S

1 Staff expenses

Remuneration paid to the Board of Directors or Executive Board in 2015 amounts to DKK 0,8 million (2014: DKK 1,7 million).

2 Financial expenses

	2015	2014
	DKK mio.	DKK mio.
Interest payments to group enterprises	7	18
Other interest	4	7
Loss on derivative financial instruments (interest)	23	21
Total financial expenses	**34**	**46**

3 Tax

Current tax for the year	-9	-15
Change in deferred tax for the year	0	-3
Adjustments to prior years	-1	0
Total tax	**-10**	**-18**

Notes to the annual report of Haldor Topsøe Holding A/S

4 Investments

	Investments in group enterprises
	DKK mio.
Cost at January, 1 2015	5.475
Additions during the year	105
Disposals during the year	0
Cost at December, 31 2015	5.580
Carrying amount at December, 31 2015	**5.580**

Investments in group enterprises are specified as follows:

Name	Registered office	Share capital	Vote and ownership interest
Haldor Topsøe A/S	Lyngby-Taarbæk, Denmark	DKK 376 MM	100,00%
Frydenlund Ejendomsselskab Aps	Rudersdal, Denmark	DKK 10 MM	100,00%
IGM Biosciences Inc.	Palo Alto, California, USA	USD 23,209k	77,65%

Investments in Frydenlund Ejendomsselskab ApS
The Group has invested in nominally 10 million shares in Frydenlund Ejendomsselskab ApS. The company owns and operates the property Frydenlund manor house, including the operation of the main building, orchard and tenanted properties. The investment is measured at cost.

Investments in IGM Biosciences Inc.
The Group has invested in nominally 21,307 million shares in IGM Biosciences Inc., corresponding to 77.65% (2014: 61.50%) of the share capital. The company carries out protein engineering of antibodies. The investment is measured at cost.

5 Share capital

The share capital constitutes nominally DKK 2,200,000 distributed on shares of DKK 1,000 or multiple of this.

Notes to the annual report of Haldor Topsøe Holding A/S

6 Long-term liabilities

	2015	2014
Other payables	DKK mill.	DKK mill.
After 5 years	0	0
Between 1 and 5 years	0	21
More than 1 year	0	21
Less than one year	24	22
Other payables at December 31	**24**	**43**

Of other payables, DKK 23 million (2014: DKK 42 million) concerns derivative financial instruments (interest rate swaps).

Only debt that are outstanding at the balance sheet date is included. At the balance sheet date, the Group had a non-current unused loan commitment for DKK 450 million (2014: DKK 487 million) expiring in 2020.

7 Suretyship

Suretyship of DKK 515 million has been provided as security of certain liabilities in a group enterprise (2014: DKK 678 million).