

**ASN Sondex A/S
Central Business Registration No
31618878
Marsvej 5
6000 Kolding**

Annual report 2015

The Annual General Meeting adopted the annual report on 31.05.2016

Chairman of the General Meeting

Name: Aage Søndergaard Nielsen

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Entity details

Entity

ASN Sondex A/S
Marsvej 5
6000 Kolding

Central Business Registration No: 31618878

Registered in: Kolding, Denmark

Financial year: 01.01.2015 - 31.12.2015

Phone: +4576306100

Fax: +4575542168

Internet: www.sondex.dk

E-mail: info@sondex.dk

Board of Directors

Inge Margrethe Nielsen, chairman

Mikkel Søndergaard Nielsen

Louise Søndergaard Andersen

Executive Board

Aage Søndergaard Nielsen

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of ASN Sondex A/S for the financial year 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2015 and of their financial performance as well as the consolidated cash flow for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Kolding, 31.05.2016

Executive Board

Aage Søndergaard Nielsen

Board of Directors

Inge Margrethe Nielsen
chairman

Mikkel Søndergaard Nielsen

Louise Søndergaard Andersen

Independent auditor's reports

To the owners of ASN Sondex A/S Report on the financial statements

We have audited the consolidated financial statements and parent financial statements of ASN Sondex A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Management is responsible for the preparation of consolidated financial statements and parent 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 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 parent 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 about whether consolidated financial statements and parent 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 parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2015, and of the results of their operations and the Group's cash flows for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statement.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statement.

Kolding, 31.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Anders Rosendahl Poulsen
State Authorised Public Accountant

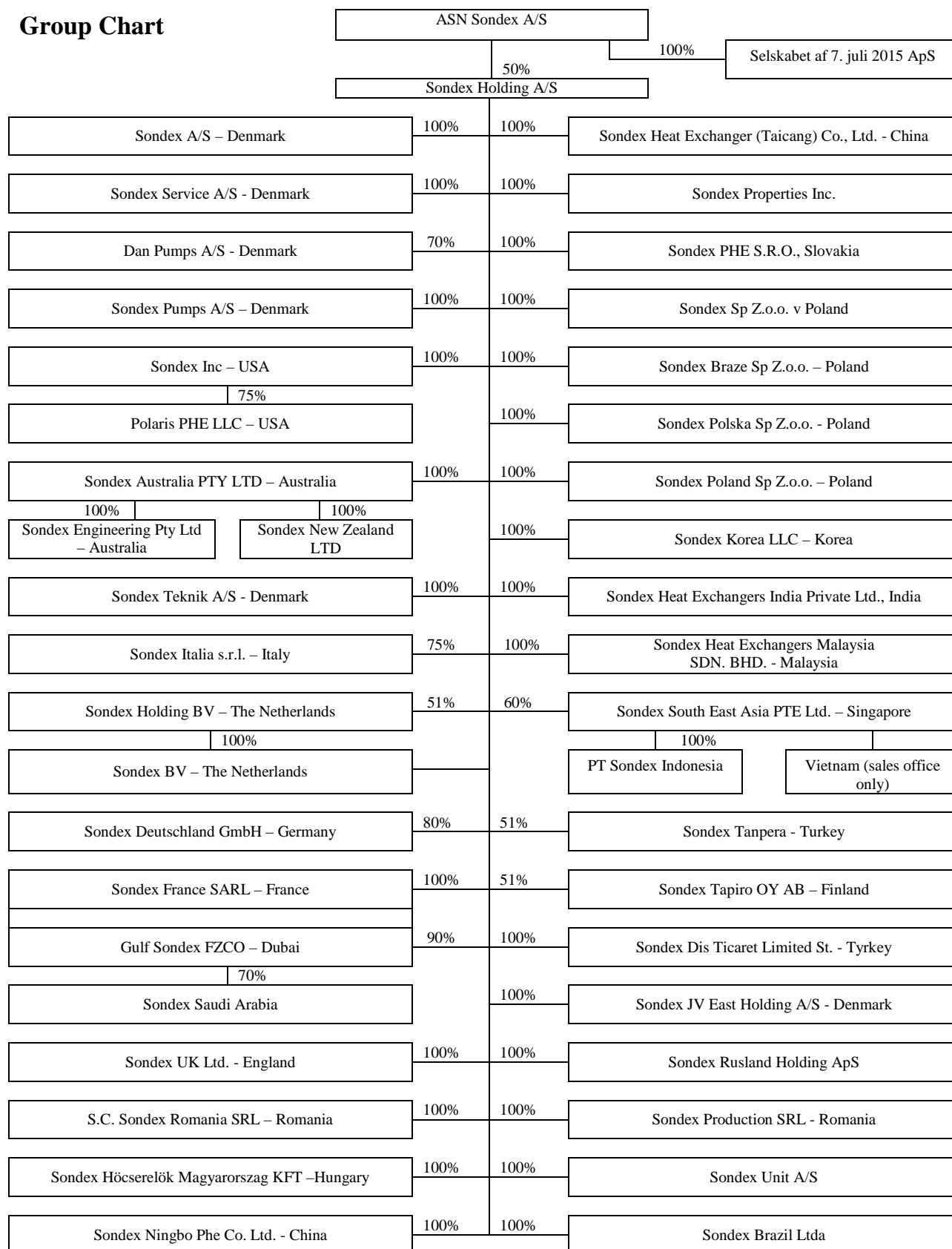
CVR-nr. 33963556

Management commentary

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial high-lights					
Key figures					
Revenue	960.688	965.984	791.767	863.849	821.796
Gross profit/loss	385.509	361.392	314.829	317.088	297.643
Operating profit/loss	128.116	114.302	98.357	109.612	115.470
Net financials	8.043	(2.049)	5.482	2.281	(5.199)
Profit/loss for the year	50.555	39.654	35.466	39.523	36.582
Total assets	1.088.275	1.005.254	911.420	880.187	821.295
Investments in property, plant and equipment	81.662	75.420	94.962	82.511	56.273
Equity	473.419	419.492	389.306	359.022	316.356
Invested capital including goodwill	713.648	638.217	600.993	550.807	470.686
Interest bearing debt, net	(41.940)	(25.061)	(63.655)	(26.933)	(96.111)
Ratios					
Return on invested capital including goodwill (%)	18,0	18,1	16,5	20,0	24,5
Turnover invested capital	1,3	1,5	1,3	1,6	1,7
Return on equity (%)	11,3	9,8	9,5	11,7	12,2
Equity ratio (%)	43,5	41,7	42,7	40,8	38,5
EBITA margin	13,3	11,8	12,4	12,7	14,1

Management commentary

Group Chart



Management commentary

Primary activities

The Group's primary activity is production of plate heat exchangers sold on the home market and export markets.

Development in activities and finances

The profit for 2015 amounted to DKK 51m, which is considered very satisfactory.

Our primary activity is still sale/production and development of plate heat exchangers. An increasing part of our production has gradually been moved to growth areas, especially China and the US as well as to low cost areas such as Romania and India.

The increasing price competition, which is a result of the present crisis, has required a focus on a reduced product price. In this connection it has resulted in relatively enhanced competitiveness in relation to specifically small and medium-sized plates that we have moved part of this production to low cost areas, where also the biggest growth is taking place.

The start-up of new group enterprises worldwide will continue to be of high priority.

Further relocation of the plate production to other growth areas and improved profitability has been planned and under implementation.

The primary development continues to be concentrated on new types of plate heat exchangers. Moreover, we have started to develop new complementary products for our present product programme. The new products are expected to contribute positively to our earnings during 2016.

One of the more recent products is "Pumps" which was initiated in 2011 via the subsidiary, Sondex Pumps A/S.

The Danish tax authorities have for a longer period reviewed the intra-group transactions. During all years the transactions have been conducted on an arm's length basis. However, the Danish tax authorities have adopted another view and made a proposal for an increase of the Group's tax assessments in previous years. The Group fully disagrees with the Danish tax authorities and have completely rejected the proposal from the Danish tax authorities. Should the court instances decide in favour of the Danish tax authorities, the matter will result in considerable tax payments for a subsidiary. On group level it will, however, not result in any major financial burden as, if so, a corresponding reduction will have to be made in other group companies.

The Group has chosen to make a provision in the financial statements for potential expenses and interests as a result of the case.

Management commentary

Outlook

For 2016 an increase in revenue and EBIT is expected.

Particular risks

Currency risks

The activities abroad entail that the Group is influenced by changes in exchange rates. Based on actual risk assessments hedging transactions are made by the Group to cover these risks.

Environmental performance

The Group's activities have environmental impact by way of production and transport. The Group complies with the current environmental legislation and is currently working to minimise the environmental impact.

Research and development activities

The Group is currently working on the development of new products and optimisation of well-known products.

Corporate social responsibility

The Group has adopted a CSR policy which appears from the Group's website:

<http://www.sondex.net/Sondex-Global/CSR-Policy.aspx>

At present the Company has no assessments regarding the impact, but has no written policy regarding reduction of climate impact from the activity of the business.

Policies and target figures for the gender distribution of Management

The Group has adopted an overall policy on diversity in management levels of the organisation. It is the Group's policy that all employees should be treated equally without regard to gender, race or religion. Thus, the career options and conditions for men and women are equal.

The Group has an overall target that both gender are represented in the Board of Directors. At present the Parent Company's Board of Directors consists of 50% women and 50% men.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for this consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise ASN Sondex A/S (Parent) and the group enterprises (subsidiaries) that are controlled by the Parent, see group chart on page 6. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Accounting policies

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary write-downs of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including government grants, rental income and licensing income etc.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

Accounting policies

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Other external expenses also include research costs and costs of development projects that do not meet the criteria for recognition in the balance sheet.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

The Parent is jointly taxed with all of its Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is three to five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components and subsuppliers.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Accounting policies

Buildings	10-40 years
Plant and machinery	3-7 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement under other operating income or under operating expenses.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

Accounting policies

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments

Securities recognised under current assets comprise listed bonds and investments measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Proposed dividend is recognised as a liability in accordance with section 48 of the Danish Financial Statements Act.

Treasury shares

Acquisition and selling prices and dividends for treasury shares are classified directly as equity under retained earnings. Gains and losses on sale are not recognised in the income statement. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to the nominal value.

Minority interests

Minority interests consist of non-controlling interests share of equity in subsidiaries not 100% owned by the parent company.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

Accounting policies

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows

Accounting policies

from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the Parent because it is included in the consolidated cash flow statement.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows to acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the Parent's share capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and shortterm securities with an insignificant price risk less short-term bank debt.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Return on invested capital incl goodwill (%)	$\frac{\text{EBITA} \times 100}{\text{Average invested capital incl goodwill}}$	The return generated by the Entity on the investors' funds.
Revenue/Invested capital incl goodwill	$\frac{\text{Revenue}}{\text{Average invested capital incl goodwill}}$	Turnover rate of capital employed by the Entity.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.

Accounting policies

Soliditetsgrad (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.
EBITA margin	$\frac{\text{EBITA} \times 100}{\text{Revenue}}$	The Entity's operating profitability

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus property, plant and equipment and intangible assets as well as accumulated amortisation of goodwill, and minus other provisions and other long-term operating liabilities. Accumulated impairment losses on goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income tax receivable and payable as well as cash are not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

Consolidated income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Revenue	1	960.688	965.984
Changes in inventories of finished goods and work in progress		13.291	48.452
Other operating income		12.460	7.815
Costs of raw materials and consumables		(520.004)	(575.313)
Other external expenses	4	<u>(80.926)</u>	<u>(85.546)</u>
Gross profit/loss		385.509	361.392
Staff costs	2	(230.050)	(217.503)
Depreciation, amortisation and impairment losses	3	<u>(27.343)</u>	<u>(29.587)</u>
Operating profit/loss		128.116	114.302
Other financial income		17.086	11.660
Other financial expenses		<u>(9.043)</u>	<u>(13.709)</u>
Profit/loss from ordinary activities before tax		136.159	112.253
Tax on profit/loss from ordinary activities	5	<u>(32.458)</u>	<u>(30.903)</u>
Consolidated profit/loss		103.701	81.350
Minority interests' share of profit/loss		<u>(53.146)</u>	<u>(41.696)</u>
Profit/loss for the year		<u>50.555</u>	<u>39.654</u>
Proposed distribution of profit/loss			
Extraordinary dividend recognised in liabilities other than provisions		0	15.000
Retained earnings		<u>50.555</u>	<u>24.654</u>
		<u>50.555</u>	<u>39.654</u>

Consolidated balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Completed development projects		100	127
Acquired rights		551	478
Intangible assets	6	<u>651</u>	<u>605</u>
Land and buildings		207.300	177.134
Plant and machinery		87.925	75.960
Property, plant and equipment in progress		7.973	8.965
Property, plant and equipment	7	<u>303.198</u>	<u>262.059</u>
Deposits		3.627	3.239
Other receivables		3.941	3.917
Fixed asset investments	8	<u>7.568</u>	<u>7.156</u>
Fixed assets		<u>311.417</u>	<u>269.820</u>
Raw materials and consumables		200.597	191.761
Work in progress		44.709	34.387
Manufactured goods and goods for resale		72.533	69.564
Inventories		<u>317.839</u>	<u>295.712</u>
Trade receivables		213.735	196.536
Deferred tax assets		6.165	7.294
Other short-term receivables		26.624	14.954
Income tax receivable		0	1.175
Prepayments		4.849	6.073
Receivables		<u>251.373</u>	<u>226.032</u>
Other investments		90.353	89.434
Other investments		<u>90.353</u>	<u>89.434</u>
Cash		<u>117.293</u>	<u>124.256</u>
Current assets		<u>776.858</u>	<u>735.434</u>
Assets		<u>1.088.275</u>	<u>1.005.254</u>

Consolidated balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital		10.000	10.000
Retained earnings		<u>463.419</u>	<u>409.492</u>
Equity		<u>473.419</u>	<u>419.492</u>
Minority interests	10	<u>380.315</u>	<u>342.411</u>
Other provisions		<u>22.556</u>	<u>22.402</u>
Provisions		<u>22.556</u>	<u>22.402</u>
Mortgage debts		28.857	33.368
Bank loans		5.240	6.231
Finance lease liabilities		<u>295</u>	<u>355</u>
Non-current liabilities other than provisions	11	<u>34.392</u>	<u>39.954</u>
Current portion of long-term liabilities other than provisions	11	4.441	4.264
Bank loans		33.709	57.306
Trade payables		57.342	49.675
Income tax payable		3.329	0
Other payables		57.575	48.911
Deferred income		1.197	839
Proposed dividend for the year		<u>20.000</u>	<u>20.000</u>
Current liabilities other than provisions		<u>177.593</u>	<u>180.995</u>
Liabilities other than provisions		<u>211.985</u>	<u>220.949</u>
Equity and liabilities		<u>1.088.275</u>	<u>1.005.254</u>
Contingent liabilities	13		
Mortgages and securities	14		

Consolidated statement of changes in equity for 2015

	Contri- buted capi- tal DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10.000	409.492	419.492
Purchase of treasury shares	0	(5.958)	(5.958)
Exchange rate adjustments	0	9.285	9.285
Fair value adjustments of hedging instruments	0	78	78
Other adjustments	0	(33)	(33)
Profit/loss for the year	0	50.555	50.555
Equity end of year	10.000	463.419	473.419

Consolidated cash flow statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Operating profit/loss		128.116	114.302
Amortisation, depreciation and impairment losses		27.343	29.587
Other provisions		154	7.951
Working capital changes	12	<u>(32.957)</u>	<u>(53.337)</u>
Cash flow from ordinary operating activities		122.656	98.503
Financial income received		17.086	11.660
Financial income paid		(9.043)	(13.709)
Income taxes refunded/(paid)		<u>(26.873)</u>	<u>(38.977)</u>
Cash flows from operating activities		103.826	57.477
Acquisition etc of intangible assets		(434)	(1.342)
Sale of intangible assets		19	16
Acquisition etc of property, plant and equipment		(81.662)	(75.420)
Sale of property, plant and equipment		18.175	28.223
Acquisition of fixed asset investments		(1.385)	(2.015)
Sale of fixed asset investments		1.023	69
Other cash flows from investing activities		<u>14.976</u>	<u>6.889</u>
Cash flows from investing activities		(49.288)	(43.580)
Loans raised		0	276
Instalments on loans etc		(5.385)	(15.500)
Dividend paid		(24.640)	(39.239)
Acquisition of treasury shares		(5.958)	0
Other cash flows from financing activities		<u>(1.002)</u>	<u>990</u>
Cash flows from financing activities		(36.985)	(53.473)
Increase/decrease in cash and cash equivalents		17.553	(39.576)
Cash and cash equivalents beginning of year		<u>156.384</u>	<u>195.960</u>
Cash and cash equivalents end of year		173.937	156.384
Cash and cash equivalents at year-end are composed of:			
Cash		117.293	124.256
Securities		90.353	89.434
Short-term debt to banks		<u>(33.709)</u>	<u>(57.306)</u>
Cash and cash equivalents end of year		173.937	156.384

Notes to consolidated financial statements

1. Revenue

	2015 DKK'000	2014 DKK'000
Sale domestic	69.614	62.491
Sale abroad	891.074	903.493
	<u>960.688</u>	<u>965.984</u>

The Group's primary segment – the business segment – only comprises production and sale of plate heat exchangers. Secondary segment is geographical sales areas.

	2015 DKK'000	2014 DKK'000
2. Staff costs		
Wages and salaries	198.454	189.940
Pension costs	18.925	17.302
Other social security costs	12.671	10.261
	<u>230.050</u>	<u>217.503</u>

Average number of employees	<u>1.186</u>	<u>1.029</u>
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	Remune- ration of manage- ment 2015 DKK'000	Remune- ration of manage- ment 2014 DKK'000
Total amount for management categories	1.444	2.253
	<u>1.444</u>	<u>2.253</u>

	2015 DKK'000	2014 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	489	1.374
Depreciation of property, plant and equipment	26.854	28.213
	<u>27.343</u>	<u>29.587</u>

Notes to consolidated financial statements

	2015	2014
	DKK'000	DKK'000
4. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	159	121
Other assurance engagements	1.631	1.355
Tax services	458	460
Other services	365	443
	2.613	2.379
	2015	2014
	DKK'000	DKK'000
5. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	35.859	33.628
Change in deferred tax for the year	(2.679)	(2.943)
Adjustment concerning previous years	(722)	218
	32.458	30.903
	Completed develop- ment pro- jects	Acquired rights
	DKK'000	DKK'000
6. Intangible assets		
Cost beginning of year	2.233	2.270
Exchange rate adjustments	0	51
Additions	97	445
Disposals	(1.225)	(66)
Cost end of year	1.105	2.700
Amortisation and impairment losses beginning of year	(2.106)	(1.792)
Exchange rate adjustments	0	(38)
Amortisation for the year	(124)	(365)
Reversal regarding disposals	1.225	46
Amortisation and impairment losses end of year	(1.005)	(2.149)
Carrying amount end of year	100	551

Notes to consolidated financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Property, plant and equipment in progress DKK'000
7. Property, plant and equipment			
Cost beginning of year	206.602	201.070	8.965
Exchange rate adjustments	3.679	4.100	(4)
Additions	38.947	32.694	10.021
Disposals	(6.785)	(9.170)	(10.560)
Cost end of year	242.443	228.694	8.422
Depreciation and impairment losses beginning of the year	(29.468)	(125.110)	0
Exchange rate adjustments	(832)	(2.330)	0
Impairment losses for the year	0	0	(108)
Depreciation for the year	(6.276)	(20.578)	0
Reversal regarding disposals	1.433	7.249	(341)
Depreciation and impairment losses end of the year	(35.143)	(140.769)	(449)
Carrying amount end of year	207.300	87.925	7.973
		Deposits DKK'000	Other recei- vables DKK'000
8. Fixed asset investments			
Cost beginning of year		3.239	3.917
Exchange rate adjustments		39	11
Additions		594	791
Disposals		(245)	(778)
Cost end of year		3.627	3.941
Carrying amount end of year		3.627	3.941

Notes to consolidated financial statements

9. Treasury shares

The acquisition was completed in the year 2015 in order to adapt the company's capital structure. The treasury shares are held by a fully owned subsidiary.

10. Minority interests

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
Minority interests beginning of year	342.411	317.627
Share of profit/loss for the year	53.146	41.696
Share of dividend	(24.460)	(24.141)
Disposals on purchase of minority interests	(1.052)	(3.424)
Additions on purchase of minority interests	50	4.414
Exchange rate adjustment	<u>10.400</u>	<u>6.239</u>
Minority interests end of year	<u>380.315</u>	<u>342.411</u>

	<u>Instalments</u> <u>within 12</u> <u>months</u> <u>2015</u> <u>DKK'000</u>	<u>Instalments</u> <u>within 12</u> <u>months</u> <u>2014</u> <u>DKK'000</u>	<u>Instalments</u> <u>beyond 12</u> <u>months</u> <u>2015</u> <u>DKK'000</u>	<u>Outstanding</u> <u>after 5 years</u> <u>DKK'000</u>
11. Long-term liabilities other than provisions				
Mortgage debts	2.067	2.118	28.857	24.915
Bank loans	2.092	1.773	5.240	0
Finance lease liabilities	<u>282</u>	<u>373</u>	<u>295</u>	<u>0</u>
	<u>4.441</u>	<u>4.264</u>	<u>34.392</u>	<u>24.915</u>

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
12. Change in working capital		
Increase/decrease in inventories	(22.127)	(24.218)
Increase/decrease in receivables	(27.645)	(43.311)
Increase/decrease in trade payables etc	<u>16.815</u>	<u>14.192</u>
	<u>(32.957)</u>	<u>(53.337)</u>

13. Contingent liabilities

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
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The Group has guaranteed for bank debt. The maximum limit of the guarantee is DKK 6.000k.

Bank debt amounts to	<u>0</u>	<u>628</u>
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Notes to consolidated financial statements

12. Contingent liabilities - continued

	2015	2014
	<u>DKK'000</u>	<u>DKK'000</u>
The Group has given collateral and submitted joint surety for bank debt.		
Bank debt amounts to	<u>1.947</u>	<u>3.626</u>
The Group has provided a bank guarantee of totally DKK 10,420k concerning concluded work contracts.		
The Group has concluded lease contracts concerning lease of premises. (The lease contracts may be cancelled with 1-2 years' notice) and operating lease contracts on cars and xerox copiers etc.		
Annual rent and lease payments	<u>7.233</u>	<u>6.253</u>

Tax case

In Management's opinion, intra-group transactions have been conducted on an arm's length basis. However, the Danish tax authorities have adopted another view and made a proposal for an increase of the Group's tax assessments in previous years. The Group fully disagrees with the Danish tax authorities and have completely rejected the proposal from the Danish tax authorities. Should the court instances decide in favour of the Danish tax authorities, the matter will result in considerable tax payments for a subsidiary. On group level it will, however, not result in any major financial burden as, if so, a corresponding reduction will have to be made in other group companies.

14. Mortgages and securities

	2015	2014
	<u>DKK'000</u>	<u>DKK'000</u>
Mortgage debt is secured by way of mortgage on properties.		
Carrying amount of mortgaged properties regarding mortgage debt	<u>81.785</u>	<u>64.215</u>
Bank debt is secured by way of a deposited letter of indemnity of DKK 3,000k nominal.		
Carrying amount of mortgaged properties regarding bank debt	<u>7.087</u>	<u>7.382</u>

Parent income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Other external expenses		<u>(103)</u>	<u>(15)</u>
Operating profit/loss		(103)	(15)
Income from investments in group enterprises		47.621	36.068
Other financial income	1	4.110	4.876
Other financial expenses	2	<u>(152)</u>	<u>(126)</u>
Profit/loss from ordinary activities before tax		51.476	40.803
Tax on profit/loss from ordinary activities	3	<u>(921)</u>	<u>(1.149)</u>
Profit/loss for the year		<u>50.555</u>	<u>39.654</u>
Proposed distribution of profit/loss			
Extraordinary dividend recognised in liabilities other than provisions		0	15.000
Reserve for net revaluation according to the equity method		21.663	16.068
Retained earnings		<u>28.892</u>	<u>8.586</u>
		<u>50.555</u>	<u>39.654</u>

Parent balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Investments in group enterprises		348.293	311.250
Fixed asset investments	4	<u>348.293</u>	<u>311.250</u>
Fixed assets		<u>348.293</u>	<u>311.250</u>
Receivables from group enterprises		20.000	20.000
Other short-term receivables		12.394	13
Income tax receivable		14.598	0
Receivables		<u>46.992</u>	<u>20.013</u>
Other investments		90.350	88.812
Other investments		<u>90.350</u>	<u>88.812</u>
Cash		<u>5.791</u>	<u>940</u>
Current assets		<u>143.133</u>	<u>109.765</u>
Assets		<u><u>491.426</u></u>	<u><u>421.015</u></u>

Parent balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
Contributed capital	5, 6	10.000	10.000
Reserve for net revaluation according to the equity method		198.888	167.895
Retained earnings		<u>264.531</u>	<u>241.597</u>
Equity		<u>473.419</u>	<u>419.492</u>
Payables to group enterprises		17.904	0
Income tax payable		0	1.392
Other payables		<u>103</u>	<u>131</u>
Current liabilities other than provisions		<u>18.007</u>	<u>1.523</u>
Liabilities other than provisions		<u>18.007</u>	<u>1.523</u>
Equity and liabilities		<u><u>491.426</u></u>	<u><u>421.015</u></u>
Contingent liabilities	7		
Related parties with controlling interest	8		
Ownership	9		

Parent statement of changes in equity for 2015

	Contributed capital DKK'000	Reserve for net revalua- tion accor- ding to the equity me- thod DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10.000	167.895	241.597	419.492
Purchase of treasury shares	0	0	(5.958)	(5.958)
Exchange rate adjustments	0	9.285	0	9.285
Other adjustments	0	45	0	45
Profit/loss for the year	0	21.663	28.892	50.555
Equity end of year	10.000	198.888	264.531	473.419

Notes to parent financial statements

	2015	2014
	DKK'000	DKK'000
1. Other financial income		
Interest income	26	37
Fair value adjustments	1.745	3.623
Other financial income	2.339	1.216
	4.110	4.876
	2015	2014
	DKK'000	DKK'000
2. Other financial expenses		
Interest expenses	34	0
Other financial expenses	118	126
	152	126
	2015	2014
	DKK'000	DKK'000
3. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	912	1.159
Adjustment concerning previous years	9	(10)
	921	1.149
		Investments in group enter- prises DKK'000
4. Fixed asset investments		
Cost beginning of year		143.355
Additions		6.050
Cost end of year		149.405
Revaluations beginning of year		167.895
Adjustments on equity		9.330
Share of profit/loss for the year		47.621
Dividend		(20.000)
Other adjustments		(5.958)
Revaluations end of year		198.888
Carrying amount end of year		348.293
• Sondex Holding A/S, 50%, Kolding		
• Selskabet af 7. juli 2015 ApS, 100%, Kolding		

Notes to parent financial statements

	<u>Number</u>	<u>Par value DKK'000</u>	<u>Nominal value DKK'000</u>
5. Contributed capital			
A-shares	1.000	1	1.000
B-shares	9.000	1	9.000
	<u>10.000</u>		<u>10.000</u>

There has been no changes in the share capital in the past five financial years.

	<u>Number</u>	<u>Nominal value DKK'000</u>	<u>Share of contri- buted capi- tal %</u>	<u>Purchase / (selling)- price DKK'000</u>
6. Treasury shares				
Treasury shares acquired:				
B-shares	93	93	0,9	5.958
	<u>93</u>	<u>93</u>	<u>0,9</u>	
Holding of treasury shares:				
B-shares	93	93	0,9	
	<u>93</u>	<u>93</u>	<u>0,9</u>	

The acquisition was completed in the year 2015 in order to adapt the company's capital structure. The treasury shares are held by a fully owned subsidiary.

7. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which ASN Sondex A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2011 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Tax case

In Management's opinion, intra-group transactions have been conducted on an arm's length basis. However, the Danish tax authorities have adopted another view and made a proposal for an increase of the Group's tax assessments in previous years. The Group fully disagrees with the Danish tax authorities and have completely rejected the proposal from the Danish tax authorities. Should the court instances decide in favour of the Danish

Notes to parent financial statements

tax authorities, the matter will result in considerable tax payments for a subsidiary. On group level it will, however, not result in any major financial burden as, if so, a corresponding reduction will have to be made in other group companies.

8. Related parties with controlling interest

The following related parties have a controlling interest in the ASN Sondex A/S Group:

<u>Name</u>	<u>Registered office</u>	<u>Basis of influence</u>
Aage Søndergaard Nielsen	Kolding, Denmark	Shareholder

9. Ownership

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

Aage Søndergaard Nielsen, Kolding, Denmark

Mikkel Søndergaard Nielsen, Hellerup, Denmark

Louise Søndergaard Andersen, Haderslev, Denmark