Novenco Marine & Offshore A/S

Industrivej 22, 4700 Naestved, Denmark

CVR no. 33 78 56 82

Annual report 2015

Approved at the Company's annual general meeting on 15th February 2016

Chairman:

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Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Novenco Marine & Offshore A/S for the financial year 1 January – 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2015 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year1 January – 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Naestved, February 12, 2016
Executive Board:

Ole Jensen

Board of Directors:

Troels Torp
Chairman

Chansoo Park
Deputy chairman

Ole Jensen

Per Lundgren Hansen[1)]

Lars Bo Trägård Jacobsen[1)]

1) Board members elected by the employees

Independent auditors' report

To the shareholders of Novenco Marine & Offshore A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Novenco Marine & Offshore A/S for the financial year 1 January – 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with 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 and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the 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 as to 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 auditors' judgement, 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 auditors consider 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 our opinion.

Our audit has not resulted in any qualification.

Opinion

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

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, February 12, 2016
ERNST & YOUNG. 30 70 02 28
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Gath
State Authorised
Public Accountant

Lisa Hagedorn
State Authorised
Public Accountant

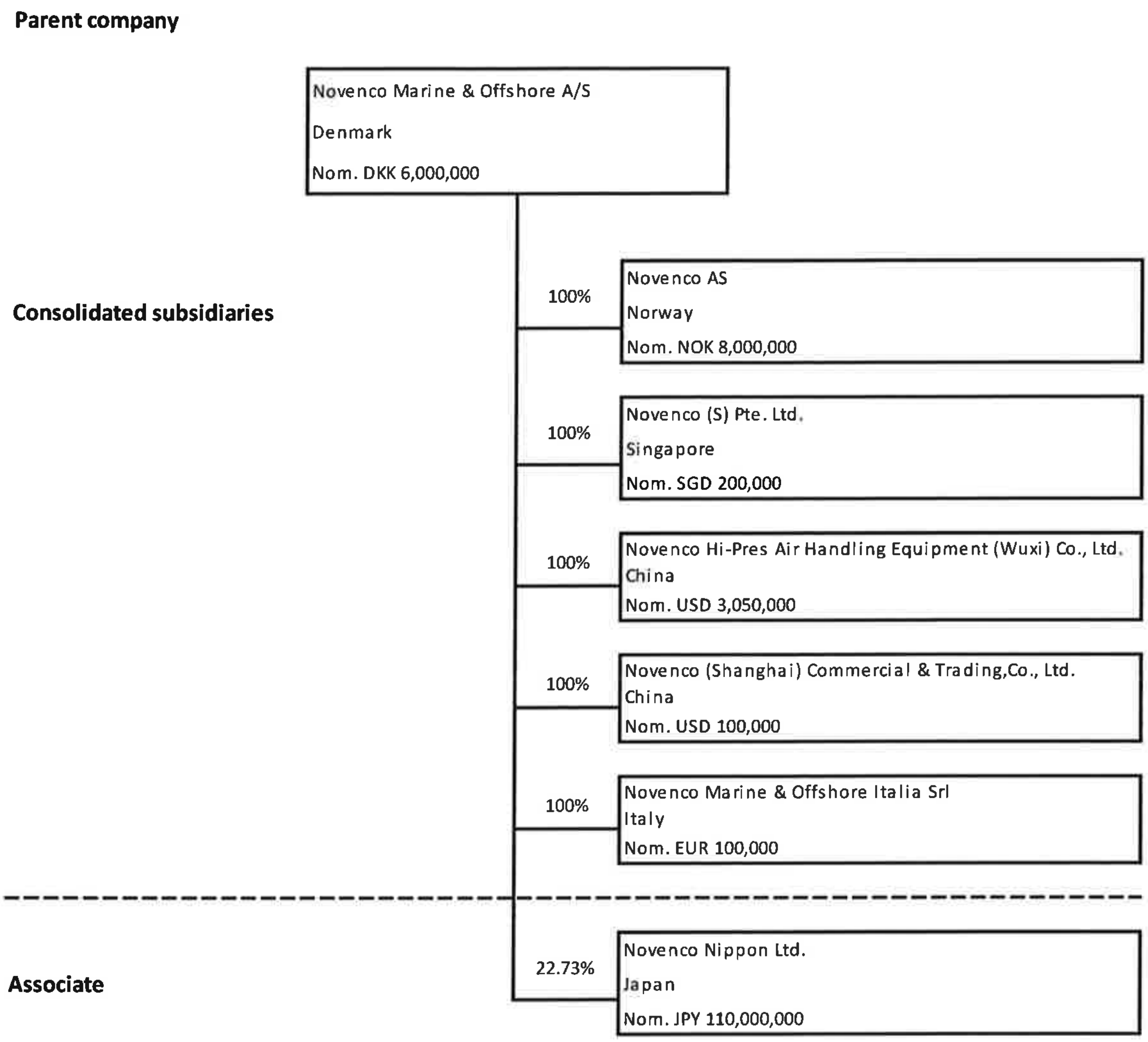
Management's review

Company details

Name	Novenco Marine & Offshore A/S
Address, zip code, city	Industrivej 22, DK-4700 Naestved, Denmark
CVR no.	33 78 56 82
Established	12 July 2011
Registered office	Naestved, Denmark
Financial year	1 January - 31 December (5th financial year)
Website	www.novencogroup.com
E-mail	Info@novencogroup.com
Telephone	+45 70 12 42 22
Fax	+45 55 75 65 50
Board of Directors	Troels Torp, *Chairman* Chansoo Park, *Deputy Chairman* Ole Jensen Per Lundgren Hansen Lars Bo Trägård Jacobsen
Executive Board	Ole Jensen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, DK-2000 Frederiksberg, Denmark

Management's review

Group chart



Novenco HAK ApS is a principal shareholder in Novenco Marine & Offshore A/S via the holding company NovCo Holding II A/S.

Management's review

Financial highlights for the Group

DKKm	2015	2014	2013	2012	2011*
Key figures					
Revenue	882.751	807.073	541.794	503.401	146.796
Profit/loss on ordinary operating activities	30.566	15.496	-24.448	-1.293	-12.483
Profit/loss before net financials	30.928	16.933	-30.080	-2.704	-13.819
Net financials	9.629	1.192	-2.778	-2.797	-1.030
Profit/loss for the year	31.359	10.891	-30.174	-2.350	-11.926
Total assets	376.324	437.918	341.454	264.215	212.504
Portion realting to investment in property, plant and equipment	2.543	3.737	1.500	1.531	6.066
Equity	**47.228**	**18.991**	**7.740**	**25.550**	**4.667**
Cash flows					
Cash flows from					
- operating activities	17.751	47.899	-5.571	9.680	
- investing activities	-7.593	-3.631	-1.606	-3.048	
- financing activities	-71.552	21.318	22.875	-2.312	
Net cash flow for the year	-61.394	65.586	15.698	4.320	
Financial ratios					
Gross margin	15,5	14,0	11,7	16,6	10,5
Operating margin	3,5	2,1	-5,6	-0,5	-9,4
Return on capital employed	8,2	3,9	-8,8	-1,0	-6,5
Equity ratio	12,5	4,3	2,3	9,7	2,2
Return on equity	94,7	81,5	-181,3	-15,6	-246,8
Average number of full-time employees	392	417	342	210	170

*Financial highlights have been prepared based on four months' activity.

Please see the definitions in the section on accounting policies.

Management's review

The Annual Report of Novenco Marine & Offshore A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act governing large reporting class C enterprises.

The financial statements and consolidated financial statements have been prepared applying the same accounting policies as last year.

The financial statements of Novenco Marine & Offshore A/S and Group companies are included in the consolidated financial statements of NovCo Holding II A/S and Novenco HAK ApS.

Principal activity

Novenco Marine & Offshore A/S and its subsidiaries, hereinafter referred to as the Group, are global suppliers with own development, production and sale of ventilation products and systems for marine and offshore purposes. The Group has 68 years of experience within the ventilation industry.

Development during the year

The level of activities has been even higher than in 2014 and the revenue of DKK 883 million corresponds a growth of DKK 76 million or 9 % from last year.

The revenue growth is mainly driven by higher activities within the Offshore business area in both Asia and Norway, but also by the Cruise & Ferry segment and Merchant segment in especially China, where the Group continue to have a strong market position.

Due to higher activities in the project execution centre in Italy, the former Italian branch has in 2015 been established as a legal entity.

The realized revenue is primarily based on the significant order intake achieved in 2013 and 2014, while the order intake in 2015 as expected has declined in all business areas during the year. This is driven by the reduced oil price and by the slow down in the Chinese economy. The order intake amounts to DKK 462 million in 2015 compared to DKK 711 million in 2014.

A commercial and organizational rebuilding of the After sales division has been initialized in 2015 in order to strengthen the Group´s performance in this interesting market.

Despite the achieved growth in both revenue and profit in 2015, a downsizing of the organization and production facilities have been executed in the second half of 2015 in order to proactively and in due time meet the expected challenging market conditions in the coming years. The current low price level for oil is expected to continue for a while. Especially the Offshore business area is negatively impacted by the low oil price and many oil related investments in new building of rigs and vessels have been set on hold, postponed or even cancelled.

The expected drop in the activity level in the Offshore market in the coming years is the main driver for closing down the Danish factory in Naestved and for downsizing the production capacity in China. A new easy scaling production set-up in Eastern Europe has been initiated in order to serve the European customers, and will be ready during 2016.

An even more focus on benefitting from the Group´s global set-up with production, sales and project execution in several countries and regions have been implemented in order to secure higher efficiency and competitive operational costs.

The cost reduction initiatives have in total lowered the Groups break-even revenue by at least DKK 150 million and will secure a stronger competitiveness for the coming years.

The Group´s order backlog has as expected decreased compared to 2014, but is still adequate to support the Group´s outlook for 2016.

Management's review

Development during the year (continued)

While the Group expects a significant drop in order intake and revenue from the Offshore business area in 2016, the Group expect a stable performance within the Marine business area driven by a more positive outlook for the Special Vessels area, where the Group in 2015 have experienced a positive development for non-oil related vessels and by the Cruise & Ferry segment. The After sales business area is also expected to catch up during 2016 after a major restructuring process.

All in all the Group expects a significant drop in revenue and order intake in 2016 compared to 2015, which however in 2015 has experienced an all time high activity level.

Financial review

Profit/loss for the year

In 2015, the Group reported revenues of DKK 883 million, which corresponds to a revenue growth of DKK 76 million or more than 9 %. The growth relates to the Offshore business area, the Merchant and Cruise & Ferries segments. The revenue growth relates partly to currency changes, especially the increased USD.

The higher revenue and an improved gross margin ratio of 1.5 % point drive the improved Gross profit of DKK 23 million, which corresponds to a gross margin ratio of 15.5 %. The Gross profit amounts to DKK 137 million compared to DKK 113 million in 2014, which however was negatively impacted by round DKK 20 million caused by one onerous project related to a turnkey project within the Offshore business area.

The distribution costs and administrative expenses amounts to DKK 106 million or 12.0 % of the revenue, which all in all is unchanged from 2014.

The profit on ordinary operating activities of DKK 31 million is realized DKK 15 million or 97 % higher than in 2014.

Restructuring costs of total DKK 19 million before tax related to closing down activities in Denmark, transfer to other factories within the Group, provision for lay off and severance costs and write down on equipment has negatively impacted the profit on operating activities for 2015 compared to restructuring costs in 2014 of DKK 6 million.

Currency gains related to the strong USD has driven the increase within financial income net of DKK 8 million.

The Group recorded a consolidated profit before tax of DKK 41 million which is a significant improvement from the profit in 2014 of DKK 18 million and the loss in 2013 of DKK (33) million.

The announced financial outlook for 2015 amounted to a profit before tax of DKK 25-35 million. The management consider the realized result of DKK 41 million as satisfactory – also taken the restructuring costs of DKK 19 million into consideration.

Balance sheet development

The Group´s balance sheet stood at DKK 376 million at the end of 2015 compared to DKK 438 million at the end of 2014.

The drop of DKK 62 million within Total assets relate to Current assets. Inventories has decreased by DKK 14 million related to closing down the production facility in Denmark and lower activity at the factory in China in the last months of 2015.

"Receivables from Group companies" and "Cash and cash equivalents" of total DKK 70 million has decreased by DKK 30 million, which relates to repayment of debt and establishing of a loan to the parent company.

Accumulated "Contract work in progress at selling price" of DKK 1,644 million end of 2015 has increased by DKK 366 million or 29 % from 2014 which is compensated by an increase within accumulated "Invoiced on account" of DKK 355 million. The net value of "Contract work in progress" amounts to DKK 18 million end of 2015 which correspond an increase of DKK 12 million primarily related to lower advance invoicing to customers of DKK 22 million.

Management's review

Balance sheet development (continued)

"Trade receivables" at DKK 153 million end of 2015 is unchanged from end of 2014, while "Trade payables" has decreased by DKK 55 million compared to 2014 related to reduction of overdue debt.

The Group´s provisions for "Warranty commitments" amount to DKK 19 million or DKK 12 million higher than end of 2014 which relate to new products on a few specific projects. The provisions are regarded as adequate.

The Group´s equity amounts to DKK 47 million at the end of 2015 which corresponds to an equity ratio of 12.5 % compared to 4.3 % at the end of 2014. The improvement within equity relates to the profit after tax of DKK 31 million.

The parent company's balance sheet stood at DKK 273 million at the end of 2015 which all in all is unchanged from 2014.

The parent company's investments in subsidiaries of DKK 84 million are recognised at the proportionate share of the profit and equity value.

Investments

Investments amounts to DKK 8 million and relate to purchase of patent and rights regarding Zerax and equipment.

Cash flow development

Cash flow from operating activities amounts to DKK 18 million in 2015 compared to DKK 48 million in 2014. The drop relate primarily to an increase within working capital driven by a reduction in overdue debt.

The drop within inventories and contract work in progress at DKK 80 million has continued in 2015 related to lowering order backlog. Furthermore, the joint taxation contribution received of DKK 8 million in 2014 is not realized in 2015.

Cash flow from investing in rights, patents and equipment amounts to net DKK (8) million or DKK (4) million higher than in 2014.

The free cash flow is realized at DKK 10 million compared to DKK 44 million in 2014.

Cash flow from financing amounts to DKK (72) million in 2015 driven by repayment of debt to the parent company NovCo Holding II A/S.

Cash and cash equivalents amounts to DKK 36 million at the end of 2015 compared to DKK 97 million which however included temporarily DKK 72 million, which in 2015 have been transferred to the parent company NovCo Holding II A/S as repayment of net debt and to an initiated loan.

Financial resources

Based on the Group's execution of the existing volume of orders and on the market outlook, the Group expects a profit before tax of round DKK 10 million for the year 2016, which also is expressed in the budget for 2016. The management considers the financial resources to be adequate to carry out the plans and activities budgeted for 2016.

The owner Novenco HAK Aps has also for 2016 mediated the Group with overdraft facilities to support the activities of the Group.

Special risks – operating and financial risks

General risks

The general risks are tied to the global world economy as the Company has activities in large parts of the world activities and investments within Offshore are in particular dependent on the current and expected oil price and consequently for the demand for the Groups products and services.

Management's review

Financial risks

As a consequence of its financial position and its financial resources, the Company is exposed to interest rate fluctuations. The Group's interest rate exposure concerns its interest-bearing assets and the Group's limited interest-bearing liabilities. The Group's interest-bearing assets primarily consist of cash and cash equivalents which at 31 December 2015 was DKK 36 million. In addition, the Group has a cash pool arrangement with NovCo Holding II A/S.

Currency risks

As a significant portion of revenues is made up of export sales, the Company is sensitive to changes in exchange rates. Goods are purchased using mainly Danish kroner (DKK), EUR and in the subsidiaries their local currencies.

Credit risks

It is Company policy to always secure payment from external customers either through bank guarantees, letter of credits or an ongoing credit rating of the customer.

Ownership structure

At 31 December 2015, the entire share capital of the Group was owned by NovCo Holding II A/S. The Group's ultimate, principal shareholder is Novenco HAK ApS.

Management's remuneration

Remuneration to the Board of Directors and the Executive Board is disclosed in note 20 to the Annual Report.

Research and development

The Group's development efforts are concentrated on further development of existing products, particularly with regard to greater energy efficiency and new products which complement the Company's present product portfolio.

Objectives and outlook

The Group´s strategy regarding efficiency enhancements will be continued and strengthened in 2016 across the value chain. A strong profit protection program will be basis for cost initiatives in order to align the cost and revenue level.

Based on already executed cost down initiatives and the profit protection plans, the Group expect a profit before tax of round DKK 10 million for 2016. However, it must be pointed out that the market situation is foreseen to be challenging in the coming years.

Events occurring after the end of the financial year

After the end of the financial year, no significant events have occurred which may have a significant impact on the financial statements for 2015.

Management's review

Corporate Social responsibility

Novenco Marine & Offshore A/S, which is globally operating in areas with different cultures, moral concepts, social conditions and behavioral norms, ensures high-level suppliers on health, safety and environment by a structural and focused selection.

Employee safety and Human rights

Novenco Marine & Offshore A/S's global CSR policy ensures protection of internationally proclaimed human rights including employee safety.

The company has a dedicated health and safety organisation, which trough a proactive and risk-based approach ensures to bring down number of work related accidents. The objective is zero, and the number of accidents on the factory in Denmark is two in 2015 compared to one in 2014. There has been 9 work related accidents at the Chinese factory in 2015.

In 2015 Novenco Marine & Offshore A/S has continued focusing on the psychological well-being of the employees. Training of all managers, union representatives and health and safety representatives has ensured a better psychological working environment.

Energy and climate change

Novenco Marine & Offshore A/S makes a continuous, targeted effort to reduce its impact on the global environment, where the objective is to reduce the consumption of energy. From 2010 to 2013 the Danish factory has reduced its electricity consumption with 5 percent per year and from 2013 to 2014 the reduction is 1.6 percent. The consumption of energy is in 2015 at the same level as in 2014.

Novenco Marine & Offshore A/S is certified according to ISO 14001:2004 and complies with local legislation concerning health, safety and the environment.

Gender diversity in management

The Company´s policy regarding management diversity aims on having 25 % female members on the Boards of Directors. However, the Company also aims on having the most qualified resources available. The Company is currently not in compliance with the policy as all members of the Board are male. The Company aims to meet the target of 25 % female members on the Board of Directors in 2018 at the latest. In 2015, no new Board members have been elected.

The Company has implemented new statistics measuring gender on all management levels throughout the Group, in order to increase the overall focus on gender diversity. The Marine & Offshore industry is today dominated by male leaders. The Company´s target of 10 % female managers at all levels is based on an evaluation of the practical achievable within the specific industry and by other comparable companies. However, the Company is not in compliance yet. In order to meet the target, the Company will seek to achieve that at least one from each sex are among the last three candidates to management positions, promotions etc. The share of female managers at the end of 2015 is all in all unchanged from 2014 as no major changes within the management group have taken place.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Basis of financial statements

The Annual Report of Novenco Marine & Offshore A/S has been presented in accordance with the provisions of the Danish Financial Statements Act pertaining to large reporting class C enterprises.

The accounting policies are unchanged compared with last year.

Cost to completion of contract projects is in the Balance sheet for 2015 classified as "Trade payables" against classification as "Other payables" in 2014, while receivables/debt Group companies is classified as "Cash flow from financing" in the Cash flow statement for 2015 against classification as "Change in working capital" in 2014. The comparative figures for 2014 of respectively DKK 51 million and DKK 19 million have been reclassified.

The Annual Report for 2015 has been presented in DKK thousand (DKK 1,000).

Consolidated financial statements

The consolidated financial statements include the parent company Novenco Marine & Offshore A/S and the subsidiaries in which Novenco Marine & Offshore A/S directly or indirectly holds more than 50 percent of the voting rights or otherwise exercises control.

Companies in which the Group holds between 20 percent and 50 percent of the voting rights and exercises significant influence, but not control, are regarded as associates, cf. the Group chart.

Basis of consolidation

The consolidated financial statements have been prepared on the basis of the financial statements of Novenco Marine & Offshore A/S and its subsidiaries. The consolidated financial statements have been prepared by adding together items of a uniform nature. Intercompany income and expenses, intercompany balances and dividends as well as profit and loss from intercompany transactions have been eliminated on consolidation. The financial statements used for consolidation purposes have been prepared in accordance with the Group's accounting policies.

In the consolidated financial statements, the items of subsidiaries are recognised in full.

Business combinations

Newly acquired or newly established companies are recognised in the consolidated financial statements as of the date of acquisition.

On the acquisition of new companies, the purchase method is applied according to which the identifiable assets and liabilities of the newly acquired companies are measured at their fair values at the date of acquisition.

General aspects related to recognition and measurement

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

Liabilities are recognised in the balance sheet when they are probable and can be measured reliably. Assets and liabilities are measured at cost on initial recognition. Assets and liabilities are subsequently measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective cost to maturity. Amortised cost is calculated as initial cost less any deductions and with addition/deduction of the accumulated amortisation of the difference between the cost price and the nominal amount. In this way, capital losses and gains are allocated over the term to maturity.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

General aspects related to recognition and measurement (continued)

On recognition and measurement, any gains, losses and risks arising before the time when the Annual Report is presented and proving or disproving matters existing on the balance sheet date are taken into account.

Income is recognised in the income statement as earned and includes value adjustments of financial assets and liabilities measured at fair value or amortised cost. Moreover, costs incurred to obtain the revenue for the year, including depreciation and amortisation, impairment losses and provisions and reversals hereof due to changes in accounting estimates, are recognised in the income statement.

Foreign currency translation

On initial recognition, transactions in foreign currencies are translated using the exchange rate ruling at the date of the transaction. Any exchange differences arising between the rate of exchange ruling at the date of the transaction and the rate of exchange ruling at the date of payment are recognised in the income statement as an item under financial income and expenses, net.

Receivables, payables and other monetary items in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. The difference between the rate of exchange ruling at the balance sheet date and the rate of exchange ruling at the time when the receivables or the payables arose or were recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before year-end and provided that the income can be stated reliably and payment is expected to be made.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Contract work in progress concerning customised production of systems is recognised as revenue when the production is completed, and the revenue thus corresponds to the selling price of the work completed (the percentage of completion method).

Production costs

Production costs comprise the costs incurred to obtain the revenue for the year. The cost includes raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation etc. as well as operation, administration and management of factories.

Included in production costs are research and development costs which do not meet the criteria for capitalisation and amortisation of capitalised development costs. Moreover, provisions for losses on contracts are included.

Distribution costs

Distribution costs comprise costs of distribution and sales campaigns regarding goods sold during the year, including costs relating to sales staff, marketing and depreciation/amortisation as well as loss on trade debtors.

Administrative expenses

Administrative expenses comprise costs relating to the management, the administrative staff, office expenses, insurance, depreciation/amortisation etc.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature in relation to the principal activity of the Company, including profit/loss on the sale of intangibles and property, plant and equipment.

Share of profit/loss in subsidiaries and associates

The proportionate share of the post-tax results of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intercompany profits/losses.

The proportionate share of the post-tax results of the associates is recognised in the income statement of the parent company and the consolidated income statement after elimination of the proportionate share of intercompany profits/losses.

Net financials

Financial income and expenses include interest, financial expenses relating to finance leases, marketable securities adjustments, amortisation of mortgage loans as well as additions and tax allowances under the On-account Tax Scheme.

Tax

The Company is covered by the Danish rules on compulsory joint taxation of the Danish subsidiaries of the Novenco HAK Group. The current corporation tax is distributed between the jointly taxed companies in proportion to their taxable incomes (full absorption with refunds for tax losses).

Tax for the year, which consists of the year's joint taxation contribution and change in deferred tax, is recognised in the income statement with the share attributable to the profit/loss for the year and directly in equity with the share attributable to items recognised directly in equity.

Balance sheet

Intangibles

Development costs comprise costs, salaries and amortisation directly and indirectly attributable to the Company's development activities.

Development projects clearly defined and identifiable involving a demonstrable technical rate of utilisation, adequate resources and a potential future market or a development opportunity in the Company, and where the intention is to produce, market or employ the project, have been recognised as intangibles provided that the cost can be stated reliably and that there is sufficient certainty that future earnings will cover the production and selling costs, the administrative expenses as well as the actual development costs. Other development costs are recognised in the income statement as paid.

Capitalised development costs are measured at cost less accumulated amortisation or at a lower recoverable amount.

Capitalised development costs are amortised on a straight-line basis after the completion of the project over the estimated useful economic life. The amortisation period is 5 years.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets.

- Plant and machinery	4-12 years
- Other fixtures and fittings, tools and equipment	3-12 years
- Leasehold improvements	10 years

Profits and losses derived from the disposal of property, plant and equipment are stated as the difference between the selling price less selling expenses and the carrying amount at the time of selling. Profits or losses are recognised in the income statement as an adjustment to depreciation and impairment losses or under other operating income to the extent that the selling price exceeds the original cost.

Impairment of non-current assets

The carrying amount of intangibles and property, plant and equipment is reviewed annually to determine whether there is any indication of impairment exceeding the write-downs in connection with general amortisation and depreciation. If any such indication exists, an impairment test will be carried out to determine whether the recoverable amount is lower than the carrying amount, and a write-down to this lower recoverable amount will be made. This impairment test is conducted on an annual basis of in-progress development projects, irrespective of whether or not there is any indication of impairment.

The recoverable amount of the asset is determined as the higher of the net selling price and its value in use. If the recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured according to the equity method, which means that the investments are measured at the proportionate share of the equity value of the companies plus or less non-amortised positive and negative consolidated goodwill, respectively, and plus or less unrealised intercompany gains and losses.

Subsidiaries and associates with a negative equity value are measured at zero value, and any receivables from these companies are written down by the parent company's share of the negative equity value insofar as they are deemed uncollectible. If the negative equity value exceeds the receivables, the remaining amount is recognised under provisions to the extent that the parent company has a legal or constructive obligation to cover the liabilities of the company in question.

Net revaluation of investments in subsidiaries and associates is transferred to the net revaluation reserve to the extent the carrying amount exceeds the cost.

Goodwill

Goodwill is amortised over its estimated useful economic life, which is determined based on Management's experience in the individual business areas. Goodwill is amortised on a straight-line basis over a period of 20 years as the investment is considered as strategic.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Inventories

Inventories are measured at cost using the FIFO method or the net realisable value for the individual product line, whichever is lower. The net realisable value of inventories is calculated as the selling price less the costs of completion and costs incurred to execute the sale and determined with due consideration of marketability, obsolescence and movements in the expected selling price.

The cost of goods for resale, raw materials and consumables comprises the cost price plus delivery costs.

The cost of manufactured finished goods and work in progress comprises the cost of raw materials, consumables, direct labour costs and indirect production costs. Indirect production costs comprise indirect materials and labour costs as well as maintenance of factory buildings and equipment used in the manufacturing process and the cost of administration and management of factories.

Receivables

Receivables are measured at amortised cost or at net realisable value, if lower, calculated on the basis of an individual assessment of each receivable.

Proposed dividend

Dividend is recognised as a liability at the time of approval by the general meeting.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of an event occurring on or before the balance sheet date and it is probable that an outflow of economic benefits will be required to settle the obligation.

Warranty commitments are measured at net realisable value and include provisions for general and expected specific warranty commitments.

Liabilities other than provisions

Payables to mortgage banks and credit institutions are recognised initially at the proceeds received net of transaction expenses incurred. Financial liabilities other than provisions are subsequently measured at amortised cost, corresponding to the capitalised value, using the effective interest rate so that differences between the proceeds and the nominal value are recognised in the income statement as financial income and expenses, net, over the period of the borrowing.

Liabilities other than provisions, which comprise trade payables and payables to Group companies and associates and other payables, are measured at amortised cost, which usually equals the nominal debt.

Tax and deferred tax

Under the joint taxation rules, the subsidiaries' liability to the tax authorities for their own corporation taxes is settled concurrently with the payment of the joint taxation contributions to the management company.

Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with Group companies.

Deferred tax is measured under the balance sheet liability method comprising all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the value at which they are expected to be utilised either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax unit and jurisdiction.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Tax and deferred tax (continued)

Deferred tax is measured in accordance with the tax rules and tax rates in the various countries that will apply under the legislation in force at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Segment information

The segment information follows the Group's accounting policies, risks and management control.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow statement cannot be derived solely on basis of the public accounting material.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for changes in the working capital, non-cash operating items such as amortization/depreciation and write-downs and liabilities. The operating capital comprises current assets less short-term liabilities other than provision excluding the entries included in cash and cash equivalents as well as interest-bearing items.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise the raising and repayment of long-term liabilities other than provisions as well as payments to and repayments from the shareholders.

Cash and cash equivalent

Cash and cash equivalents comprise the entries "Cash Cash and cash equivalents" under current assets.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Operating margin	$\frac{\text{Profit/loss before net financials x 100}}{\text{Revenue}}$
Return on capital employed	$\frac{\text{Profit/loss before net financials x 100}}{\text{Total assets}}$
Equity ratio	$\frac{\text{Equity at year-end x 100}}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Income statement

Note	DKK'000	Consolidated 2015	Consolidated 2014	Parent Company 2015	Parent Company 2014
1	Revenue	882.751	807.073	487.941	443.887
	Production costs	-745.992	-693.721	-432.131	-388.814
	Gross profit/loss	136.759	113.352	55.810	55.073
	Distribution costs	-49.774	-45.678	-27.506	-24.299
	Administrative expenses	-56.419	-52.178	-18.915	-16.464
	Profit/loss on ordinary operating activities	30.566	15.496	9.389	14.310
2	Other operating income	362	1.437	362	1.437
	Profit/loss before net financials	30.928	16.933	9.751	15.747
3	Share of profit/loss in subsidiaries after tax	0	0	12.639	-1.388
4	Share of profit/loss in associates after tax	675	323	675	323
5	Financial income	11.319	3.597	11.668	3.616
6	Financial expenses	-2.365	-2.728	-1.990	-2.283
	Profit/loss before tax	40.557	18.125	32.743	16.015
7	Tax on profit/loss for the year	-9.198	-7.234	-1.384	-5.124
	Profit/loss for the year	31.359	10.891	31.359	10.891
	Proposed profit appropriation/distribution of loss				
	Net revaluation reserve according to the equity method			13.314	-1.065
	Retained earnings			18.045	11.956
				31.359	10.891

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	Consolidated 2015	Consolidated 2014	Parent Company 2015	Parent Company 2014
	ASSETS				
	Non-current assets				
8	**Intangible assets**				
	Completed development projects	5.113	2.497	5.113	2.497
	Development projects in progress	264	0	264	0
	Goodwill	18.321	19.490	6.295	6.698
		23.698	21.987	11.672	9.195
9	**Property, plant and equipment**				
	Plant and machinery	837	1.360	0	507
	Other fixtures and fittings, tools and equipment	3.597	3.078	1.423	528
	Leasehold improvements	1.639	2.085	0	548
	Property, plant and equipment under contruction	0	260	0	260
		6.073	6.783	1.423	1.843
	Investments				
10	Investments in subsidiaries	0	0	84.004	64.019
11	Investments in associates	2.105	1.403	2.105	1.403
		2.105	1.403	86.109	65.422
	Total non-current assets	31.876	30.173	99.204	76.460
	Current assets				
	Inventories				
	Raw materials and consumables	8.643	26.486	1.930	6.952
	Work in progress	4.663	997	0	33
	Finished goods and goods for resale	6.567	6.876	0	0
		19.873	34.359	1.930	6.985
	Receivables				
	Trade receivables	153.125	153.721	59.811	51.106
12	Contract work in progress	91.493	101.835	38.627	36.982
	Receivables from group companies	34.090	2.687	71.221	29.134
	Receivables from associates	0	75	0	75
17	Deferred tax asset	1.564	178	0	0
	Deposits	662	1.760	334	1.054
	Other receivables	4.357	11.807	5	678
13	Prepayments	3.293	3.938	1.351	139
		288.584	276.001	171.349	119.168
14	**Cash and cash equivalents**	35.991	97.385	134	72.971
	Total current assets	344.448	407.745	173.413	199.124
	TOTAL ASSETS	376.324	437.918	272.617	275.584

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

		Consolidated		Parent Company	
Note	DKK'000	2015	2014	2015	2014
	EQUITY AND LIABILITIES				
	Equity				
15	Share capital	6.000	6.000	6.000	6.000
	Net revaluation reserve according to the equity method	1.246	544	5.447	0
	Retained earnings	39.982	12.447	35.781	12.991
		47.228	18.991	47.228	18.991
	Provisions				
17	Deferred tax	18.256	11.770	4.553	4.936
16	Warranty commitments	18.909	6.955	16.183	6.955
	Other provisions	4.963	526	4.122	526
		42.128	19.251	24.858	12.417
	Liabilities other than provisions				
	Current liabilities other than provisions				
	Credit institution	0	1.881	0	1.881
12	Contract work in progress	73.384	95.473	37.831	58.085
	Trade payables	161.925	217.210	88.888	105.737
14	Payables to group companies	0	38.434	49.488	55.898
	Payables to associated company	190	0	190	0
	Corporate taxation payable	422	3.414	0	3.414
	Other payables	51.047	43.264	24.134	19.161
		286.968	399.676	200.531	244.176
	Total liabilities other than provisions	286.968	399.676	200.531	244.176
	TOTAL EQUITY AND LIABILITES	376.324	437.918	272.617	275.584

18 Contingencies and other liabilities
19 Remuneration for auditors elected by the annual general meeting
20 Employees
21 Related parties and ownership structure

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Statement of changes in equity

	Consolidated			
DKK'000	**Share capital**	**Net revaluation reserve according to the equity method**	**Retained earnings**	**Total**
Equity at 1 January 2014	**6.000**	**468**	**1.272**	**7.740**
Transfer of "Profit/Loss for the year"	0	323	10.568	10.891
Foreign currency translation adjustment relating to foreign group companies	0	-41	505	464
Dividend	0	-109	109	0
Other adjustments	0	-97	-7	-104
Equity at 1 January 2015	**6.000**	**544**	**12.447**	**18.991**
Transfer of "Profit/Loss for the year"	0	675	30.684	31.359
Foreign currency translation adjustment relating to foreign group companies	0	159	-3.313	-3.154
Dividend	0	-166	166	0
Other adjustments	0	34	-2	32
Equity at 31 December 2015	**6.000**	**1.246**	**39.982**	**47.228**

	Parent company			
DKK'000	**Share capital**	**Net revaluation reserve according to the equity method**	**Retained earnings**	**Total**
Equity at 1 January 2014	**6.000**	**0**	**1.740**	**7.740**
Transfer from "Profit appropriation/distribution of loss"	0	-1.065	11.956	10.891
Foreign currency translation adjustment relating to foreign group companies	0	464	0	464
Dividend	0	-109	109	0
Transferred	0	807	-807	0
Other adjustments	0	-97	-7	-104
Equity at 1 January 2015	**6.000**	**0**	**12.991**	**18.991**
Transfer from "Profit appropriation/distribution of loss"	0	13.314	18.045	31.359
Foreign currency translation adjustment relating to foreign group companies	0	-3.154	0	-3.154
Dividend	0	166	-166	0
Results and equity adjustment in foreign group companies	0	-4.913	4.913	0
Other adjustments	0	34	-2	32
Equity at 31 December 2015	**6.000**	**5.447**	**35.781**	**47.228**

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Cash flow statement

Note	DKK'000	Consolidated 2015	Consolidated 2014
	Profit/loss for the year before tax	40.557	18.125
22	Adjustments	-68.198	-52.723
23	Changes in working capital	42.188	73.694
	Cash flows from operations (operating activities before financial income and expenses)	**14.547**	**39.096**
	Financial income and expenses	8.954	869
	Cash flows from operations (operating activities)	**23.501**	**39.965**
	Corporation tax paid	-5.750	-476
	Joint taxation contribution received	0	8.410
	Cash flows from operating activities	**17.751**	**47.899**
	Acquisition of property, plant and equipment	-2.543	-3.737
	Disposal of property, plant and equipment	0	106
	Acquisition of intangible assets	-5.050	0
	Cash flows from investing activities	**-7.593**	**-3.631**
	Net cash flows from operating and investing activities	**10.158**	**44.268**
	Dividend, investments (net excl. tax)	166	109
	Change in bank debt	-1.881	1.881
	Change in receivables/debt Group companies	-69.837	19.328
	Cash flows from financing activities	**-71.552**	**21.318**
	Net cash flows for the year	**-61.394**	**65.586**
	Cash and cash equivalents at 1 January	97.385	31.799
14	**Cash and cash equivalents at 31 December**	**35.991**	**97.385**

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
1 Revenue				
Business areas				
Marine	511.257	481.547	402.409	348.891
Offshore	371.494	325.526	85.532	94.996
	882.751	807.073	487.941	443.887

The Marine business area include Merchant, Special Vesssels, Cruise & Ferries and After sales.

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
Geographical areas				
Asia	501.187	443.192	299.851	265.062
Europa	330.990	289.434	159.110	136.998
North and South America	41.482	55.754	26.137	39.104
Other	9.092	18.693	2.843	2.723
	882.751	807.073	487.941	443.887
2 Other operating income				
Adjustment regarding rent agreement	362	1.437	362	1.437
	362	1.437	362	1.437
3 Share of profit/loss in subsidiaries after tax				
Profit/loss in subsidiaries after tax	0	0	13.406	-621
Amortisation of Group goodwill	0	0	-767	-767
	0	0	12.639	-1.388
4 Share of profit/loss in associates after tax				
Share of profit/loss in associates after tax	675	323	675	323
	675	323	675	323
5 Financial income				
Interest income relating to Group companies	599	0	1.056	391
Exchange rate adjustment	10.541	3.102	10.541	3.102
Other financial income	179	495	71	123
	11.319	3.597	11.668	3.616
6 Financial expenses				
Interest expenses relating to Group companies	0	-779	-9	-782
Other financial expenses	-2.365	-1.949	-1.981	-1.501
	-2.365	-2.728	-1.990	-2.283
7 Tax on profit/loss for the year				
Current tax for the year	447	3.960	0	3.414
Adjustment regarding previous years	-2.768	0	-3.090	0
Deferred tax for the year	12.634	3.543	4.316	1.979
Adjustment regarding change in tax rate	-1.289	-315	-16	-315
Other taxes	174	46	174	46
Total tax for the year	9.198	7.234	1.384	5.124

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

8 Intangible assets

	Consolidated			
DKK'000	**Completed development projects**	**Development projects in progress**	**Group goodwill**	**Total**
Cost at 1 January 2015	7.831	0	23.386	31.217
Reclassification	2.662	0	0	2.662
Transferred	5.982	0	0	5.982
Additions during the year	0	264	0	264
Cost at 31 December 2015	**16.475**	**264**	**23.386**	**40.125**
Impairment losses and amortisation at 1 January 2015	-5.334	0	-3.896	-9.230
Reclassification	-2.662	0	0	-2.662
Transferred	-1.196	0	0	-1.196
Amortisation for the year	-2.170	0	-1.169	-3.339
Impairment losses and amortisation at 31 December 2015	**-11.362**	**0**	**-5.065**	**-16.427**
Carrying amount at 31 December 2015	**5.113**	**264**	**18.321**	**23.698**
Amortised over	**5 years**	**-**	**20 years**	

	2015	**2014**
Impairment losses and amortisation of intangible assets are recognised in the income statement under the following items:		
Production costs	-2.170	-1.891
Administrative expenses	-1.169	-1.169
	-3.339	-3.060

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

8 Intangible assets (continued)

	Parent company			
DKK'000	**Completed development projects**	**Development projects in progress**	**Group goodwill**	**Total**
Cost at 1 January 2015	7.831	0	8.038	15.869
Reclassification	2.662	0	0	2.662
Transferred	5.982	0	0	5.982
Additions during the year	0	264	0	264
Cost at 31 December 2015	**16.475**	**264**	**8.038**	**24.777**
Impairment losses and amortisation at 1 January 2015	-5.334	0	-1.340	-6.674
Reclassification	-2.662	0	0	-2.662
Transferred	-1.196	0	0	-1.196
Amortisation for the year	-2.170	0	-403	-2.573
Impairment losses and amortisation at 31 December 2015	**-11.362**	**0**	**-1.743**	**-13.105**
Carrying amount at 31 December 2015	**5.113**	**264**	**6.295**	**11.672**
Amortised over	**5 years**	**-**	**20 years**	

	2015	**2014**
Impairment losses and amortisation of intangible assets are recognised in the income statement under the following items:		
Production costs	-2.170	-1.891
Administrative expenses	-403	-402
	-2.573	-2.293

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

9 Property, plant and equipment

DKK'000	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
	Consolidated				
Cost at 1 January 2015	1.994	6.865	3.773	260	12.892
Reclassification	142	4.831	158	0	5.131
Translation adjustment at year-end rate	102	175	218	0	495
Additions during the year	128	2.359	56	0	2.543
Transferred	0	260	0	-260	0
Disposals during the year	0	-1.647	-171	0	-1.818
Cost at 31 December 2015	**2.366**	**12.843**	**4.034**	**0**	**19.243**
Impairment losses and depreciation at 1 January 2015	-634	-3.787	-1.688	0	-6.109
Reclassification	-142	-4.831	-158	0	-5.131
Translation adjustment at year-end rate	-45	-171	-116	0	-332
Depreciation for the year	-708	-2.104	-604	0	-3.416
Disposals during the year	0	1.647	171	0	1.818
Impairment losses and amortisation at 31 December 2015	**-1.529**	**-9.246**	**-2.395**	**0**	**-13.170**
Carrying amount at 31 December 2015	**837**	**3.597**	**1.639**	**0**	**6.073**
Amortised over	**4-12 years**	**4-11 years**	**3-11 years**	-	

	2015	2014
Impairment losses and amortisation of property, plant and equipment are recognised in the income statement under the following items:		
Production costs	-1.419	-592
Administrative expenses	-1.997	-1.186
	-3.416	-1.778

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

9 Property, plant and equipment (continued)

	Parent company				
DKK'000	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 January 2015	519	689	654	260	2.122
Reclassification	0	791	0	0	791
Additions during the year	18	1.142	56	0	1.216
Transferred	0	260	0	-260	0
Disposals during the year	0	-877	-171	0	-1.048
Cost at 31 December 2015	**537**	**2.005**	**539**	**0**	**3.081**
Impairment losses and depreciation at 1 January 2015	-12	-161	-106	0	-279
Reclassification	0	-791	0	0	-791
Depreciation for the year	-525	-507	-604	0	-1.636
Disposals during the year	0	877	171	0	1.048
Impairment losses and amortisation at 31 December 2015	**-537**	**-582**	**-539**	**0**	**-1.658**
Carrying amount at 31 December 2015	**0**	**1.423**	**0**	**0**	**1.423**
Amortised over	**4-12 years**	**4-11 years**	**3-11 years**	**-**	

	2015	2014
Impairment losses and amortisation of property, plant and equipment are recognised in the income statement under the following items:		
Production costs	-960	-19
Administrative expenses	-676	-225
	-1.636	-244

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Parent company 2015	Parent company 2014
10 Investments in subsidiaries		
Cost at 1 January	59.102	59.602
Additions during the year	18.135	0
Disposals during the year	0	-500
Cost at 31 December	77.237	59.102
Revaluations at 1 January	7.474	4.458
Profit/loss for the year	13.406	-621
Currency adjustments	-3.313	505
Transfer for setoff against receivables and other provisions at 1 January	-10.596	-7.242
Transfer for setoff against receivables and other provisions at 31 December	3.120	10.596
Disposals during the year	0	-222
Value adjustments at 31 December	10.091	7.474
Impairment losses and amortisation at 1 January	-2.557	-1.790
Amortisation of goodwill	-767	-767
Impairment losses and amortisation at 31 December	-3.324	-2.557
Carrying amount at 31 December	**84.004**	**64.019**

Investments in subsidiaries can be specified as follows:

Name	Registered office	Share capital	Voting rights and ownership
Novenco AS	Oslo, Norway	8 MNOK	100%
Novenco (S) Pte. Ltd.	608840, Singapore	200 KSGD	100%
Novenco Hi-Pres Air Handling Equipment (Wuxi) Co., Ltd.	Wuxi, China	3 MUSD	100%
Novenco (Shanghai) Commercial & Trading, Co., Ltd.	Shanghai, China	1 KUSD	100%
Novenco Marine & Offshore Italia S.r.l.	Trieste, Italy	100 TEUR	100%

All subsidiaries are recognised and measured as separate entities.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
11 Investment in associates				
Cost at 1 January	859	859	859	859
Cost at 31 December	859	859	859	859
Revaluations at 1 January	544	468	544	468
Profit/loss for the year	675	323	675	323
Dividend	-166	-109	-166	-109
Currency adjustment	159	-41	159	-41
Other adjustment	34	-97	34	-97
Value adjustments at 31 December	1.246	544	1.246	544
Carrying amount at 31 December	**2.105**	**1.403**	**2.105**	**1.403**

Investments in subsidiaries can be specified as follows:

Name	Registered office	Share capital	Voting rights and ownership
Novenco Nippon Ltd.	Kobe, Japan	110 MJPY	22.73%

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
12 Contract work in progress				
Work in progress at 31 December	1.409.605	1.119.849	768.419	611.156
Recognised profit	234.738	157.841	104.790	82.711
Work in progress at 31 December at selling price	1.644.343	1.277.690	873.209	693.867
Of which invoiced on account	-1.626.234	-1.271.328	-872.413	-714.970
Net value	**18.109**	**6.362**	**796**	**-21.103**

The amount is included in the financial statements under the following items:

Contract work in progress included under assets	91.493	101.835	38.627	36.982
Contract work in progress included under liabilities	-73.384	-95.473	-37.831	-58.085
Net value	**18.109**	**6.362**	**796**	**-21.103**

13 Prepayments

Prepayments in Group and Parent company relates to IT licenses and leasing etc.

14 Cash and equivalents

Cash and equivalents of DKK 97 million end of 2014 included a temporary deposit of DKK 72 million, which in 2015 has been transferred to the parent company NovCo Holding II A/S as repayment of the net debt.

15 Share capital

The Company's share capital totals DKK 6,000,000 divided into shares of DKK 1.00 each. No shares have special rights. The Company's share capital was increased by DKK 1 million on April 10, 2012.

16 Provisions for warranty commitments

Novenco Marine & Offshore A/S offers normal warranty commitments in connection with deliveries of goods and services.

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
Warranty provisions at 1 January	6.955	2.502	6.955	2.502
Provided during the year	27.598	9.180	20.743	9.180
Used during the year	-12.996	-4.522	-8.867	-4.522
Reversal	-2.648	-205	-2.648	-205
	18.909	6.955	16.183	6.955

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
17 Deferred tax				
Goodwill	-122	-183	-112	-225
Equipment	172	-31	90	-31
Capitalised development costs	-164	-332	-164	-332
Compensation agreement	452	955	452	955
General warranty provisions	4.208	1.634	3.560	1.634
Recognised profit on contract work in progress	-42.992	-21.445	-13.311	-9.300
Capitalised tax loss	18.803	6.402	4.406	1.522
Trade receivables	132	123	0	0
Other adjustments	2.819	1.285	536	841
Deferred tax at 31 December	**-16.692**	**-11.592**	**-4.543**	**-4.936**

The amount is included in the financial statements under the following items:

Deferred tax included under assets	1.564	178	0	0
Deferred tax included under equity and liabilities	-18.256	-11.770	-4.553	-4.936
Net value	**-16.692**	**-11.592**	**-4.553**	**-4.936**

18 Contingencies and other liabilities

The following binding agreements, falling due within 5 years, have been concluded:

Rental obligations	18.622	32.100	2.237	9.562
Operating leases	3.244	2.285	1.955	1.685
Other supplier agreements	519	375	444	375
	22.385	34.760	4.636	11.622
Annual rent/lease payments amount to	16.555	15.722	6.411	6.303

Securities

Novenco Marine & Offshore A/S has provided customers guaranties of DKK 14 million on completed projects and contract work in progress.

Novenco Marine & Offshore A/S has provided a letter of support to the subsidiary Novenco (S) Pe. Ltd.

Joint taxation

Novenco Marine & Offshore A/S is jointly taxed with the Danish subsidiaries of Novenco HAK Group. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. The Group as a whole is not liable to others.

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
19 Remuneration for auditors elected by the annual general meeting				
Auditors	501	516	224	226
Tax consultancy	51	131	24	110
Non-audit services	132	162	40	162
	684	809	288	498
Hereof to other auditors	73	100		

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
20 Employees				
Wages and salaries	154.158	133.932	69.619	63.246
Pensions	10.151	8.566	4.130	3.903
Other social security costs	5.402	11.472	864	679
	169.711	153.970	74.613	67.828
Charged to the income statement as follows:				
Production costs	90.779	87.445	36.169	40.816
Distribution costs	44.089	40.258	19.510	18.689
Administrative expenses	34.843	26.267	18.934	8.323
	169.711	153.970	74.613	67.828
Remuneration to the Executive Board		2.767		2.767
Remuneration to the Board of Directors		0		0
		2.767		2.767
Average number of full-time employees	392	417	121	124

With reference to the Danish Financial Statements Act § 98 B paragraph 3 (only one CEO) the remuneration to the Executive Board will not be shown for 2015.

For 2014 the remuneration to the Executive Board regards severance pay to the former CEO. Beside the remuneration from the Novenco Marine & Offshore A/S, the Executive Board and Board of Directors have received remuneration from Novenco A/S of DKK 1,392 thousand through a management fee.

From January 1, 2015 the administrative functions in the parent company (18 employees) have been in-sourced from a Group company. The salaries etc. to these employees are included in the employee cost for 2015 against inclusion through a management fee in 2014.

21 Related parties and ownership structure

Controlling interest

NovCo Holding II A/S, Industrivej 22, DK-4700 Naestved, Denmark as Principal shareholder

Ownership structure

The following shareholders are registered in the Company's register of shareholders as holding minium 5% of the voting rights or minimum 5% of the share capital:

NovCo Holding II A/S, Industrivej 22, DK-4700 Naestved, Denmark

The consolidated financial statements are available at the Company's address.

The ultimative owner with control is Novenco HAK ApS, Denmark.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

	Consolidated 2015	Consolidated 2014
22 Adjustments, cash flow statement		
Depreciation for accounting purposes on property, plant and equipment	3.415	1.778
Amortisation for accounting purposes on intangible assets	3.340	3.060
Gain/loss on disposal of property, plant and equipment	0	-21
Financial income and expenses	-8.954	-869
Share of profit/loss in associates after tax	-675	-323
Change in provisions, profit on contract work in progress etc.	-60.506	-56.142
Other adjustments	-4.818	-206
	-68.198	-52.723
23 Changes in working capital, cash flow statement		
Change in receivables	10.054	-43.954
Change in inventories and contract work in progress	79.636	71.682
Change in trade and other payables, etc.	-47.502	45.966
	42.188	73.694