Novenco HAK ApS

Industrivej 22, 4700 Naestved, Denmark

CVR no. 35 25 27 38

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 HAK ApS 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 year 1 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 15, 2016

Executive Board:

Ole Jensen

Board of Directors:

Thomas Jarl Dywremose Chairman	K. B. Kim	C. S. Lee

Independent auditors' report

To the shareholders of Novenco HAK ApS

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 HAK ApS 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.

Emphasis of matter regarding the consolidated financial statements and the parent company financial statements

Without modifying our opinion, we refer to note 1 in the consolidated financial statements and the parent company financial statements from which it appears that the share capital has been lost and the equity is negative. Management expects that the equity will be positive at the end of 2016 by the profit of Novenco Marine & Offshore A/S in 2016 and considers currently how to re-establish the share capital. Management believes that the financial resources are adequate to carry out the plans and activities budgeted for 2016, and consequently the consolidated financial statements and the parent company financial statements have been prepared on a going concern basis.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the 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 15, 2016
ERNST & YOUNG
GODKENDT REVISIONSPARTNERSELSKAB
CVR NO. 30 70 02 28

Peter Gath	Lisa Hagedorn
State Authorised	State Authorised
Public Accountant	Public Accountant

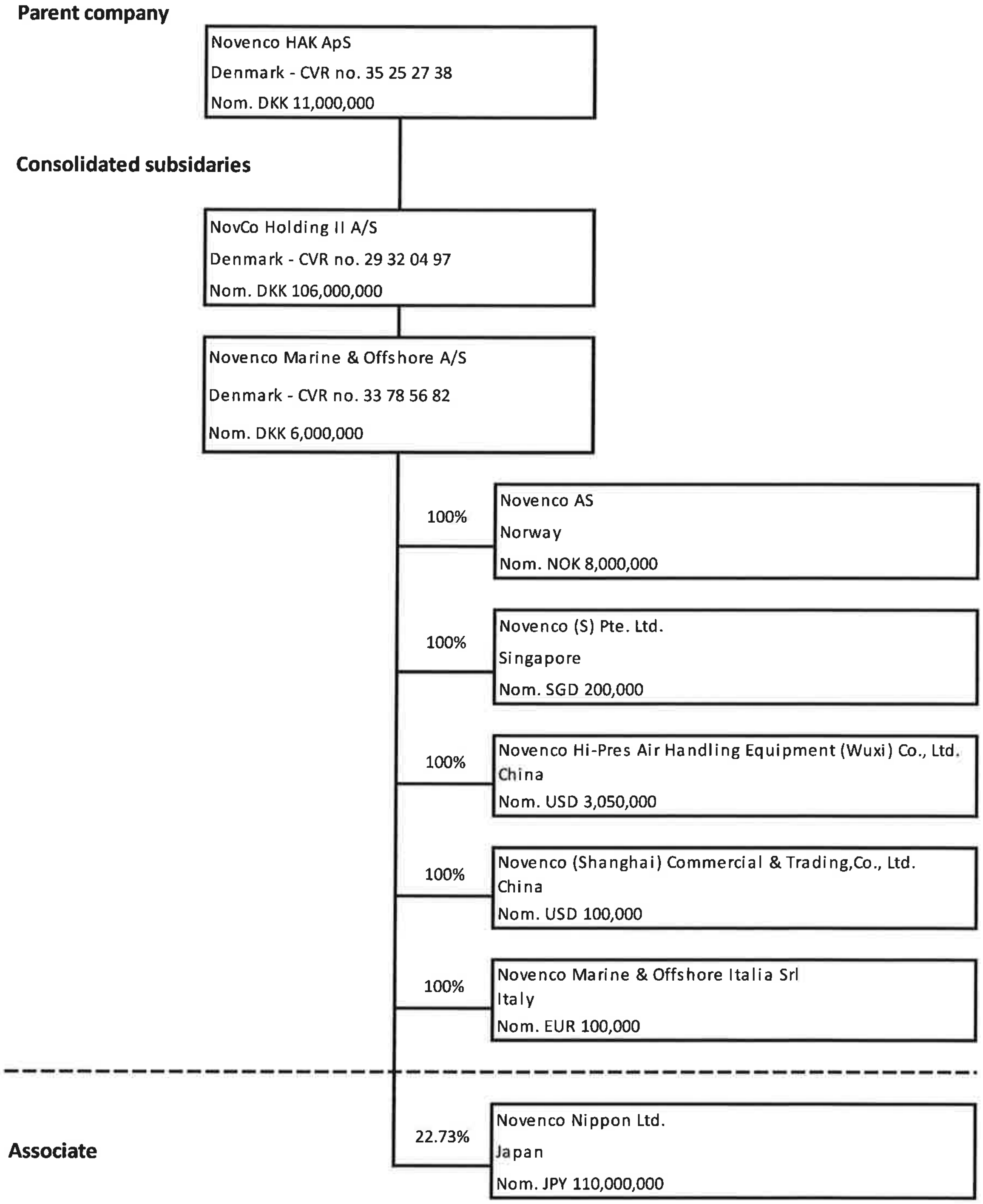
Management's review

Company details

Name	Novenco HAK ApS
Address, zip code, city	c/o Novenco Marine & Offshore A/S Industrivej 22, DK-4700 Naestved, Denmark
Telephone	+45 70 11 66 63
Fax	+45 33 47 66 63
CVR no.	35 25 27 38
Established	29 May 2013
Registered office	Naestved, Denmark
Financial year	1 January - 31 December (3nd financial year)
Board of Directors	Thomas Jarl Dywremose, *Chairman* K. B. Kim C. S. Lee
Executive Board	Ole Jensen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, DK-2000 Frederiksberg, Denmark

Management's review

Group chart



Management's review

Financial highlights for the Group

DKKm	2015**	2014	2013*
Key figures			
Revenue	892.238	963.257	376.566
Profit/loss on ordinary operating activities	28.226	-33.131	-30.069
Profit/loss before net financials	28.588	2.358	8.620
Net financials	7.350	-5.153	-157
Profit/loss for the year	-1.450	-7.216	2.858
Total assets	373.329	570.955	532.578
Portion realting to investment in property, plant and equipment	2.543	4.319	330
Equity	**-2.716**	**1.856**	**9.042**
Cash flows			
Cash flows from			
- operating activities	3.488	5.798	3.779
- investing activities	6.726	-3.954	-11.061
- financing activities	-69.728	61.872	44.610
Net cash flow for the year	-59.514	63.716	37.328
Financial ratios			
Gross margin	15,5	12,4	12,7
Operating margin	3,2	0,2	2,3
Return on capital employed	7,7	0,4	1,6
Equity ratio	-0,7	0,3	1,7
Return on equity	337,2	-132,4	N/A
Average number of full-time employees	407	599	568

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

** Financial highlights have been prepared based on activities for Novenco Building & Industry A/S for the period 1 January - 4 February 2015.

Please see the definitions in the section on accounting policies.

Management's review

The Annual Report of Novenco HAK ApS 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 consolidated financial statements of Novenco HAK ApS include the Novenco Marine & Offshore A/S including subsidiaries for the full year 2015 and Novenco Building & Industry A/S including subsidiaries for approx. 1 month in 2015.

Principal activity

The purpose of Novenco HAK ApS is to own companies, directly or indirectly owned, within production, sales or services of ventilation products or systems.

On July 10, 2013 Novenco HAK ApS acquired the majority control of NovCo Holding II A/S, including the companies Novenco A/S and Novenco Marine & Offshore A/S with subsidiaries. HiAir Korea Co. Ltd is the dominant shareholder of Novenco HAK ApS.

On the 5 February 2015, NovCo Holding II A/S sold the shares in Novenco A/S (now Novenco Building & Industry A/S) including the subsidiaries Novenco B.V in the Netherlands and Novenco UK Ltd. in England to an industrial buyer.

Hereafter, the Group are a 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 activities within the Ventilation business area has been divested at February 5, 2015. Therefore only the business development for Marine & Offshore will be described in the following.

Marine & Offshore business area
The level of activities within Marine & Offshore 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.

Management's review

Development during the year (continued)

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.

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

The total revenue for 2015 including the sales for the ventilation business area for January 2015 amounts to DKK 892 million against DKK 963 million in 2014 including revenue for 12 months for the ventilation business.

Profit/loss after tax is realized at DKK (1) million whereof the Marine & Offshore business areas contribute with a profit of DKK 31 million, while the ventilation business have a negative impact of DKK (31) million including the loss from sales of the shares. In 2014, the profit after tax amounted to DKK (7) million whereof DKK (13) million is related to the ventilation business areas.

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.

The management consider the realized result as satisfactory – also taken the restructuring costs of DKK 19 million into consideration.

Equity

Total equity amounts to DKK (3) million at the end of 2015 which correspond a drop of DKK 4 million since the end of 2014 related to the negative result of DKK (1) million and negative currency translation for Group companies at DKK (3) million.

Management's review

Financial review

Cash flow

Cash flow from operating activities for Novenco HAK Group amounts to DKK 3 million related to the cash generation in the Marine & Offshore business areas and to loss and repayment of debt within NovCo Holding II A/S.

Cash flow from operating activities within the Marine & Offshore business areas 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. Management's review

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 16 million in 2014 is not realized in 2015.

Cash flow from investments for Novenco HAK Group amount to DKK 7 million, whereof DKK 10 million relates to the sales price for shares within the ventilation business areas.

Due to repayment of bank debt of DKK 76 million, the cash and cash equivalents amount to DKK 63 million at the end of 2015 compared to DKK 123 million at the end of 2014.

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.

Financial resources

Based on the Marine & Offshore 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.

Management expects consequently that the equity will be positive at the end of 2016 and considers currently how to re-establish the share capital.

The owner HiAir Korea Co. Ltd. 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.

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 63 million.

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.

Management's review

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.

Management's remuneration

Remuneration to the Board of Directors and the Executive Board is disclosed in note 22 to the Annual Report. Management's review

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.

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.

Corporate Social responsibility

Novenco HAK ApS, 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 HAK ApS' 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 Holding 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 Holding 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 Holding is certified according to ISO 14001:2004 and complies with local legislation concerning health, safety and the environment.

Management's review

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 HAK ApS 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. The comparative figures for 2014 of DKK 51 million has 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 HAK ApS and the subsidiaries in which Novenco HAK ApS directly or indirectly holds more than 50 percent of the voting rights or otherwise exercises control.

Companies, in which the Group owns between 20% and 50% of the votes and exercises significant but not control, are considered associates, cf. the group chart.

Basis of consolidation

The consolidated financial statements have been prepared on the basis of the financial statements of Novenco HAK ApS 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.

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.

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)

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 took 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 Tax Prepayment 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.

Buildings	15-30 years
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.

Leases

Leases for property, plant and equipment, where the Company has all substantial risks and benefits inherent in the ownership (finance leases), are initially measured in the balance sheet at the lower of fair value and present value of future lease payments. In calculating the present value, the internal interest rate of the lease or the alternative borrowing rate is used as a discounting factor. Financially leased assets are subsequently treated as the Company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a payable, while the interest component of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Rental payments made under operating leases and other leases are recognised in the income statement over the term of the leases. The Company's total operational lease commitments are stated under contingencies etc.

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.

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

Accounting policies

Investments in subsidiaries and associates (continued)

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

Where the cost of an acquisition is less than the fair value of the Group's share of the net identifiable assets and contingent liabilities of the subsidiary company acquired, the difference (negative goodwill) is recognised in the consolidated financial statement as prepayments under current liabilities and recognised in the profit or loss when the cost related to the negative goodwill appears or over a straight line basis

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.

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 the machinery, 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.

Prepayments

Prepayments under assets comprise paid-up expenses relating to the subsequent financial year.

Contract work in progress

Contract work in progress is recognised based on an actual assessment using either the percentage of completion method or the sales method.

Contract work in progress recognised according to the percentage of completion method is measured at the sales value of the work performed less work invoiced on account and expected losses. Contract work in progress is i.a. characterised by a high degree of individualisation with regard to design. It is also a requirement that a binding contract is signed before the work is begun.

The selling price is measured based on the stage of completion at the balance sheet date and the total expected revenue from the individual contract. The stage of completion is determined based on an assessment of the work performed, normally calculated as the relation between the costs paid and the total, expected costs for the contract in question.

When it is probable that the total costs will exceed the total revenue, the expected loss on the contract is immediately recognised as an expense.

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

Accounting policies

Contract work in progress (continued)

Contracts where the selling price of the work performed exceeds the amounts invoiced on account and expected losses are entered under Receivables. Contracts where the amounts invoiced on account and the expected losses exceed the selling price are recognised as a liability.

Contract work in progress which does not fulfil the requirements for recognition according to the percentage of completion method is recognised according to the sales method.

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.

Prepayments

Prepayments under liabilities include negative goodwill related to the acquisition of subsidiaries.

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. 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.

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

Accounting policies

Cash flow statement

The cash flow statement shows the Company'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 Company'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 amortisation/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 and cash equivalent" under current assets.

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
2	Revenue	892.238	963.257	0	0
	Production costs	-754.151	-843.875	0	0
	Gross profit/loss	138.087	119.382	0	0
	Distribution costs	-51.303	-67.114	0	0
	Administrative expenses	-58.558	-85.399	-33	-2.101
	Profit/loss on ordinary operating activities	28.226	-33.131	-33	-2.101
3	Other operating income	362	35.489	0	0
	Profit/loss before net financials	28.588	2.358	-33	-2.101
4	Share of profit/loss in subsidiaries after tax	0	0	-1.559	-5.612
5	Share of profit/loss in associates after tax	675	323	0	0
6	Gain/loss from sale of shares in subsidiary	-29.804	0	0	0
7	Financial income	12.208	7.186	0	0
8	Financial expenses	-4.858	-12.339	-97	-23
	Profit/loss before tax	6.809	-2.472	-1.689	-7.736
9	Tax on profit/loss for the year	-8.259	-4.744	239	520
	Profit/loss for the year	-1.450	-7.216	-1.450	-7.216
	Proposed profit appropriation/distribution of loss				
	Retained earnings			-1.450	-7.216
				-1.450	-7.216

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				
10	**Intangible assets**				
	Completed development projects	5.113	13.810	0	0
	Development projects in progress	264	0	0	0
	Group goodwill	18.321	19.490	0	0
		23.698	33.300	0	0
11	**Property, plant and equipment**				
	Land and buildings	0	4.503	0	0
	Plant and machinery	837	11.271	0	0
	Other fixtures and fittings, tools and equipment	3.597	3.953	0	0
	Leasehold improvements	1.639	4.265	0	0
	Property, plant and equipment under contruction	0	260	0	0
		6.073	24.252	0	0
	Investments				
12	Investments in subsidiaries	0	0	0	4.417
13	Investments in associates	2.105	1.403	0	0
		2.105	1.403	0	4.417
	Total non-current assets	31.876	58.955	0	4.417
	Current assets				
	Inventories				
	Raw materials and consumables	8.643	37.877	0	0
	Work in progress	4.663	21.093	0	0
	Finished goods and goods for resale	6.567	9.734	0	0
		19.873	68.704	0	0
	Receivables				
	Trade receivables	153.125	183.120	0	0
14	Contract work in progress	91.493	110.462	0	0
	Receivables from associates	0	75	0	0
	Taxation receivables	0	825	0	0
18	Deferred tax asset	3.174	2.235	500	520
	Deposits	662	2.906	0	0
	Other receivables	6.483	14.734	0	0
15	Prepayments	3.293	6.075	30	30
		258.230	320.432	530	550
20	**Cash and cash equivalents**	63.350	122.864	348	200
	Total current assets	341.453	512.000	878	750
	TOTAL ASSETS	373.329	570.955	878	5.167

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
	EQUITY AND LIABILITIES				
	Equity				
16	Share capital	11.000	11.000	11.000	11.000
	Net revaluation reserve according to the equity method	1.246	544	0	0
	Retained earnings	-14.962	-9.688	-13.716	-9.144
		-2.716	1.856	-2.716	1.856
	Provisions				
18	Deferred tax	18.256	11.770	0	0
17	Warranty commitments	18.909	8.583		
	Other provisions	4.963	839	264	0
		42.128	21.192	264	0
	Liabilities other than provisions				
	Non-current liabilities other than provisions				
19	Lease commitment	0	5.043	0	0
		0	5.043	0	0
	Current liabilities other than provisions				
	Credit institution	46.803	123.499	0	0
19	Current portion of lease commitment	0	4.715	0	0
14	Contract work in progress	73.384	106.992	0	0
	Trade payables	161.925	238.626	0	0
	Payables to group companies	0	0	3.258	3.162
	Payables to associates	190	0	0	0
	Taxation payable	422	0	0	0
	Other payables	51.193	69.032	72	149
		333.917	542.864	3.330	3.311
	Total liabilities other than provisions	333.917	547.907	3.330	3.311
	TOTAL EQUITY AND LIABILITES	373.329	570.955	878	5.167

1 Financial resources
20 Contingencies and other liabilities
21 Remuneration for auditors elected by the annual general meeting
22 Employees
23 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	**11.000**	**468**	**-2.426**	**9.042**
Transfer of "Profit/Loss for the year"	0	323	-7.539	-7.216
Dividends	0	-109	109	0
Foreign currency translation adjustment relating to foreign Group companies	0	-41	171	130
Other adjustments	0	-97	-3	-100
Equity at 1 January 2015	**11.000**	**544**	**-9.688**	**1.856**
Transfer of "Profit/Loss for the year"	0	675	-2.125	-1.450
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	**11.000**	**1.246**	**-14.962**	**-2.716**

	Parent company			
DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2014	**11.000**	**0**	**-1.958**	**9.042**
Transfer from "Profit appropriation/distribution of loss"	0	0	-7.216	-7.216
Foreign currency translation adjustment relating to foreign Group companies	0	0	30	30
Equity at 1 January 2015	**11.000**	**0**	**-9.144**	**1.856**
Transfer from "Profit appropriation/distribution of loss"	0	0	-1.450	-1.450
Foreign currency translation adjustment relating to foreign Group companies	0	0	-3.154	-3.154
Other adjustments	0	0	32	32
Equity at 31 December 2015	**11.000**	**0**	**-13.716**	**-2.716**

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	6.809	-2.472
24	Adjustments	-36.803	-61.682
25	Changes in working capital	31.119	59.466
	Cash flows from operations (operating activities before financial income and expenses)	**1.125**	**-4.688**
	Financial income and expenses	7.350	-5.153
	Cash flows from operations (operating activities)	**8.475**	**-9.841**
	Corporation tax paid	-4.987	-476
	Joint taxation contribution received	0	16.115
	Cash flows from operating activities	**3.488**	**5.798**
	Acquisition of property, plant and equipment	-2.543	-4.319
	Disposal of property, plant and equipment	0	365
	Acquisition of intangible assets	-264	0
	Disposal of shares in subsidiary	9.533	0
	Cash flows from investing activities	**6.726**	**-3.954**
	Net cash flows from operating and investing activities	**10.214**	**1.844**
	Change in bank debt	-75.553	66.704
	Dividend, investments (net excl. tax)	166	109
	Repayment of debt from divested subsidiary	5.659	0
	Repayment of lease commitments	0	-4.941
	Cash flows from financing activities	**-69.728**	**61.872**
	Net cash flows for the year	**-59.514**	**63.716**
	Cash and cash equivalents at 1 January	122.864	59.148
	Cash and cash equivalents at 31 December	**63.350**	**122.864**

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

Notes to the financial statements

1 Financial resources

Based on the Novenco Marine & Offshore's execution of the existing volume of orders, Novenco HAK ApS expects to realize a profit after tax of round DKK 10 million for 2016, and consequently a positive cash flow, which also is expressed in the budget for 2016.

The equity stood at the end of December 2015 at DKK (3) million. Management expects that the equity will be positive at the end of 2016 by the profit of Novenco Marine & Offshore A/S in 2016, and considers currently how to re-establish the share capital.

Management believes that existing credit facilities will be maintained, and owner HiAir Korea Co. Ltd. has also for 2016 mediated the Group with overdraft facilities to support the activities of the Group. Management considers on this basis the financial resources to be adequate to carry out the plans and activities budgeted for 2016 and consequently the consolidated financial statements and the parent company financial statements have been prepared on a going concern basis.

	Consolidated		Parent company	
DKK'000	**2015**	**2014**	**2015**	**2014**
2 Revenue				
Business areas				
Marine	511.257	479.841	0	0
Offshore	371.494	325.526	0	0
Buildings and industrials	9.487	157.890	0	0
	892.238	963.257	0	0

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

	Consolidated		Parent company	
DKK'000	**2015**	**2014**	**2015**	**2014**
Geographical areas				
Asia	501.430	449.431	0	0
Europa	339.963	434.178	0	0
North and South America	41.753	58.030	0	0
Other	9.092	21.618	0	0
	892.238	963.257	0	0
3 Other operating income and expenses				
Other operating income				
Reversed loss regarding rent agreement	362	1.437	0	0
Negative goodwill arising on acquisition of a subsidiary company	0	34.052	0	0
	362	35.489	0	0
4 Share of profit/loss in subsidiaries after tax				
Profit/loss in subsidiaries after tax	0	0	-1.559	-39.664
Negative goodwill arising on acquisition of a subsidiary company	0	0	0	34.052
	0	0	-1.559	-5.612

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
5 Share of profit/loss in associates after tax				
Share of profit/loss in associates after tax	675	323	0	0
	675	323	0	0
6 Gain/loss from sale of shares in subsidiary				
Loss from salse of shares in subsidiary	-29.804	0	0	0
	-29.804	0	0	0
7 Financial income				
Exchange rate adjustment	11.042	3.607	0	0
Other financial income	1.166	3.579	0	0
	12.208	7.186	0	0
8 Financial expenses				
Interest expenses relating to Group companies	0	0	-97	0
Exchange rate adjustment	0	-1.159	0	0
Other financial expenses	-4.858	-11.180	0	-23
	-4.858	-12.339	-97	-23
9 Tax on profit/loss for the year				
Current tax for the year	447	-279	0	0
Adjustment regarding previous years	-3.425	-722	-243	0
Deferred tax for the year	12.894	5.502	-29	-520
Adjustment regarding change in tax rate	-1.209	197	33	0
Other taxes	-448	46	0	0
Total tax for the year	8.259	4.744	-239	-520

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

Notes to the financial statements

10 Intangible assets

	Consolidated			
DKK'000	**Completed development projects**	**Development projects in progress**	**Group goodwill**	**Total**
Cost at 1 January 2015	44.541	0	71.132	115.673
Reclassification	2.662	0	0	2.662
Additions during the year	0	264	0	264
Disposals for the year	-23.915	0	0	-23.915
Cost at 31 December 2015	**23.288**	**264**	**71.132**	**94.684**
Impairment losses and amortisation at 1 January 2015	-30.731	0	-51.642	-82.373
Reclassification	-2.662	0	0	-2.662
Amortisation for the year	-2.416	0	-1.169	-3.585
Disposals during the year	17.634	0	0	17.634
Impairment losses and amortisation at 31 December 2015	**-18.175**	**0**	**-52.811**	**-70.986**
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	-2.416	-7.082
Administrative expenses	-1.169	-1.169
	-3.585	-8.251

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

Notes to the financial statements

11 Property, plant and equipment

	Consolidated					
DKK'000	Land and building	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 January 2015	14.313	78.550	11.585	11.438	260	116.146
Reclassification	0	142	4.831	158	0	5.131
Translation adjustment at year-end rate	0	102	175	218	0	495
Additions during the year	0	128	2.359	56	0	2.543
Transferred	0	0	260	0	-260	0
Disposals during the year	-14.313	-76.556	-6.367	-7.836	0	-105.072
Cost at 31 December 2015	**0**	**2.366**	**12.843**	**4.034**	**0**	**19.243**
Impairment losses and depreciation at 1 January 2015	-9.810	-67.279	-7.632	-7.173	0	-91.894
Reclassification	0	-142	-4.831	-158	0	-5.131
Translation adjustment at year-end rate	0	-45	-171	-116	0	-332
Depreciation for the year	-37	-1.076	-2.125	-675	0	-3.913
Impairment losses and depreciation on assets disposed of	9.847	67.013	5.513	5.727	0	88.100
Impairment losses and amortisation at 31 December 2015	**0**	**-1.529**	**-9.246**	**-2.395**	**0**	**-13.170**
Carrying amount at 31 December 2015	**0**	**837**	**3.597**	**1.639**	**0**	**6.073**
Amortised over	**15-30 years**	**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	-1.780	-17.436
Administrative expenses	-2.133	-3.860
	-3.913	-21.296

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
12 Investments in subsidiaries		
Cost at 1 January	10.000	10.000
Disposals during the year		0
Cost at 31 December	10.000	10.000
Revaluations at 1 January	-5.583	0
Other adjustments	32	0
Foreign currency adjustment	-3.154	29
Profit/loss for the year	-1.559	-39.664
Negative goodwill arising on acquisition of a subsidiary company	0	34.052
Transfer for setoff against receivables and other provisions at 31 December	264	0
Value adjustments at 31 December	-10.000	-5.583
Carrying amount at 31 December	**0**	**4.417**

Investments in subsidiaries can be specified as follows:

Name	Registered office	Share capital	Voting rights and ownership
NovCo Holding II A/S	Naestved, Denmark	106 MDKK	100%

DKK'000	Consolidated 2015	Consolidated 2014
13 Investment in associates		
Cost at 1 January	859	859
Cost at 31 December	859	859
Revaluations at 1 January	544	468
Profit/loss for the year	675	323
Dividend	-166	-109
Currency adjustment	159	-41
Other adjustment	34	-97
Value adjustments at 31 December	1.246	544
Carrying amount at 31 December	**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
14 Contract work in progress				
Work in progress at 31 December	1.409.605	1.184.824	0	0
Recognised profit	234.738	171.169	0	0
Work in progress at 31 December at selling price	1.644.343	1.355.993	0	0
Of which invoiced on account	-1.626.234	-1.352.523	0	0
Net value	**18.109**	**3.470**	**0**	**0**

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

Contract work in progress included under assets	91.493	110.462	0	0
Contract work in progress included under liabilities	-73.384	-106.992	0	0
Net value	**18.109**	**3.470**	**0**	**0**

15 Prepayments

Prepayments in Group and Parent company are prepaid expenses realted to IT licenses and leasing ect.

16 Equity

The Company's share capital totals 11 MDKK divided into shares of DKK 1.00 each. No shares have special rights. The Company's share capital was increased with 10.92 MDKK in 2013.

17 Provisions for warranty commitments

Novenco HAK ApS 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	8.583	3.153	0	0
Disposal during the year	-1.628	0	0	0
Provided during the year	27.598	13.726	0	0
Used during the year	-12.996	-8.038	0	0
Reversal	-2.648	-258	0	0
	18.909	8.583	0	0

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
18 Deferred tax				
Goodwill	-122	-183	0	0
Equipment	172	1.172	0	0
Leased assets	0	2.373	0	0
Leasehold improvements	0	405	0	0
Capitalised development cost	-164	-446	0	0
General warranty provisions	4.208	1.887	0	0
Recognised profit on contract work in progress	-42.992	-21.497	0	0
Compensation agreement	452	3.192	0	0
Trade receivables	132	123	0	0
Capitalised tax loss	20.413	14.052	500	520
Other adjustments	2.819	1.274	0	0
Deferred tax at 31 December	**-15.082**	**2.352**	**500**	**520**
Deferred tax included under assets	3.174	2.235	500	520
Deferred tax included under liabilities	-18.256	-11.770	0	0
	-15.082	**-9.535**	**500**	**520**

Deferred tax in 2014 in Novenco A/S amounts to an asset of 11,887 thousand DKK, which has not been capitalised in the Balance sheet for 2014.

19 Liabilities other than provisions (lease commitments)

Liabilities other than provisions dues as follows:

	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
Within 1 year	0	4.715	0	0
between 1 and 5 years	0	5.043	0	0
	0	9.758	0	0
Lease commitments				
Within 1 year	0	4.715	0	0
between 1 and 5 years	0	5.043	0	0
	0	9.758	0	0

20 Contingencies and other liabilities

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

	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
Rental obligations	18.622	42.254	0	0
Operating leases	3.244	5.717	0	0
IT Contracts	0	4.153	0	0
Other supplier agreements	519	922	0	0
	22.385	53.046	0	0
Annual rent/lease payments amount to	16.555	27.118	0	8.500

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

Notes to the financial statements

20 Contingencies and other liabilities (continued)

Bank guarantees
The Group has provided customers guaranties of DKK 14 million on completed projects and contract work in progress.

The Parent company has provided guarantees for subsidiary's commitments to Skandinaviska Enskilda Banken, Denmark.

Of the cash and cash equivalent, DKK 5 million has been deposited as security for guarantees.

Joint taxation

The parent company 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.

	Consolidated		Parent company	
DKK'000	2015	2014	2015	2014
21 Remuneration for auditors elected by the annual general meeting				
Auditors	551	1.088	25	51
Tax consultancy	57	331	3	15
Non-audit services	152	913	10	345
	760	2.332	38	411
Hereof to other auditors	73	372		
22 Employees				
Wages and salaries	159.303	208.077	0	0
Pensions	10.542	13.953	0	0
Other social security costs	5.870	15.072	0	0
	175.715	237.102	0	0
Charged to the income statement as follows:				
Production costs	94.158	135.531	0	0
Distribution costs	45.191	53.503	0	0
Administrative expenses	36.366	48.068	0	0
	175.715	237.102	0	0
Remuneration to the Executive Board		5.597		0
Remuneration to the Board of Directors		0		0
		5.597		0
Average number of full-time employees	407	599	0	0

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.

Remuneration to the Executive Board in 2014 includes a severance pay to the former Group CEO.

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

Notes to the financial statements

23 Related parties and ownership structure

Controlling interest

HiAir Korea Co., Ltd., 1321-11 Daman-Ri, Jinrye-myeon, Gumhae-city, Gyeongnam, South Korea 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:

HiAir Korea Co., Ltd., 1321-11 Daman-Ri, Jinrye-myeon, Gumhae-city, Gyeongnam, South Korea
Thomas Jarl Dywremose, Forchwaldstrasse 21, ch-6318 Walchwil, Switzerland

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

	Consolidated	
	2015	2014
24 Adjustments, cash flow statement		
Profit/loss in associates after tax	-675	-323
Depreciation for accounting purposes on property, plant and equipment	3.913	9.296
Impairment for accounting purposes on property, plant and equipment	0	12.000
Amortisation for accounting purposes on intangible assets	3.585	8.251
Accounting gain/loss on property, plant and equipment	0	313
Financial income and expenses	-7.350	5.153
Change in provisions, contract work in progress etc.	-60.506	-62.111
Gain/loss from sale of shares in subsidiary	29.804	0
Change in negative goodwill	0	-34.052
Other adjustments	-5.574	-209
	-36.803	-61.682
25 Changes in working capital, cash flow statement		
Change in receivables	7.615	-27.733
Change in inventories and contract work in progress	79.636	80.775
Change in trade and other payables, etc.	-56.132	6.424
	31.119	59.466