

LOGSTOR Denmark Holding ApS
Central Business Registration No
35375627
Danmarksvej 11
9670 Løgstør

Annual report 2015

The Annual General Meeting adopted the annual report on 29.03.2016

Chairman of the General Meeting

Name: Line Dissing Mønster

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Accounting policies	6
Income statement for 2015	9
Balance sheet at 31.12.2015	10
Statement of changes in equity for 2015	12
Notes	13

Entity details

Entity

LOGSTOR Denmark Holding ApS
Danmarksvej 11
9670 Løgstør

Central Business Registration No: 35375627

Registered in: Vesthimmerland

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Anders Gösta Thelin, chairman

Per Johan Agebäck

Kim Christensen

Gustaf Erik David Backemar

Marcus Billman

Anders Jonsson

Executive Board

Yves Francois Paletta, CEO

Henning Bejer Beck, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Værkmestergade 2, 18.-21. etage

8000 Aarhus

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of LOGSTOR Denmark Holding ApS for the financial year 01.01.2015 - 31.12.2015.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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

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

Løgstør, 16.03.2016

Executive Board

Yves Francois Paletta
CEO

Henning Bejer Beck
CFO

Board of Directors

Anders Gösta Thelin
chairman

Per Johan Agebäck

Kim Christensen

Gustaf Erik David Backemar

Marcus Billman

Anders Jonsson

Independent auditor's reports

To the owners of LOGSTOR Denmark Holding ApS

Report on the financial statements

We have audited the financial statements of LOGSTOR Denmark Holding ApS for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

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

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

Independent auditor's reports

Aarhus, 16.03.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Henrik Vedel

State Authorised Public Accountant

Allan Søborg Olsen

State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

The Group's primary activity is to develop, manufacture and sell high-quality pre-insulated pipe systems for transportation of liquids and gases. LOGSTOR is the world's leading supplier of pre-insulated pipe systems, not only for district heating, but also for district cooling, the chemical industry, the oil and gas sector, and the marine industry.

LOGSTOR is an international enterprise with sales and production companies in Denmark, Sweden, Finland, Poland, Romania and China (divested in 2015) as well as sales to more than 50 markets through resellers and own sales companies in Germany, the Netherlands, Switzerland, Austria, France, Lithuania, and Italy.

Development in activities and finances

Due to a merger between LOGSTOR Holding A/S and LRA III ApS, approved 27 March 2015, with LOGSTOR Holding A/S as the surviving company, LOGSTOR Denmark Holding A/S ownership of LRA III ApS, was changed to ownership of LOGSTOR Holding A/S post-merger.

Operating profit

The result after tax in 2015 ended up with a profit of DKK 97 million compared to a loss of DKK 14 million the year before.

The result for 2015 is in line with the expectations.

Environmental performance

Please refer to the environmental report prepared for LOGSTOR A/S on this web page:

<https://www.logstor.com/EN/Service-and-support/HQSE/Pages/Enviromental-Management.aspx>

Events after the balance sheet date

No events have occurred after year end which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and other external expenses.

Accounting policies

Revenue

Revenue consists of management fees to LOGSTOR Group's subsidiaries and is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies etc.

Staff costs

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

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on financial statement items in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on financial statement items in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

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

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

Accounting policies

Balance sheet

Investments in group enterprises

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

Receivables

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

Deferred tax

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

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

Income tax payable or receivable

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Gross profit		20.692	1.720
Staff costs	1	<u>(18.629)</u>	<u>(13.868)</u>
Operating profit/loss		2.063	(12.148)
Income from investments in group enterprises		100.000	0
Other financial income	2	2.235	2.023
Other financial expenses	3	<u>(8.654)</u>	<u>(8.314)</u>
Profit/loss from ordinary activities before tax		95.644	(18.439)
Tax on profit/loss from ordinary activities	4	<u>929</u>	<u>4.289</u>
Profit/loss for the year		<u>96.573</u>	<u>(14.150)</u>
 Proposed distribution of profit/loss			
Extraordinary dividend		100.000	0
Retained earnings		<u>(3.427)</u>	<u>(14.150)</u>
		<u>96.573</u>	<u>(14.150)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Investments in group enterprises		215.480	215.480
Fixed asset investments	5	<u>215.480</u>	<u>215.480</u>
Fixed assets		<u>215.480</u>	<u>215.480</u>
Receivables from group enterprises		94.753	83.757
Deferred tax assets		1.782	2.240
Other short-term receivables		1.406	783
Income tax receivable		1.217	2.552
Receivables		<u>99.158</u>	<u>89.332</u>
Cash		<u>2</u>	<u>0</u>
Current assets		<u>99.160</u>	<u>89.332</u>
Assets		<u><u>314.640</u></u>	<u><u>304.812</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital	6	81	81
Retained earnings		<u>74.967</u>	<u>77.870</u>
Equity		<u>75.048</u>	<u>77.951</u>
Bank loans		<u>208.271</u>	<u>206.769</u>
Non-current liabilities other than provisions		<u>208.271</u>	<u>206.769</u>
Bank loans		25.014	9.519
Other payables		<u>6.307</u>	<u>10.573</u>
Current liabilities other than provisions		<u>31.321</u>	<u>20.092</u>
Liabilities other than provisions		<u>239.592</u>	<u>226.861</u>
Equity and liabilities		<u><u>314.640</u></u>	<u><u>304.812</u></u>
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Assets charged and collateral	9		
Ownership	10		
Consolidation	11		

Statement of changes in equity for 2015

	Contri- buted capi- tal DKK'000	Retained earnings DKK'000	Proposed extraordi- nary divi- dend DKK'000	Total DKK'000
Equity beginning of year	81	77.870	0	77.951
Extraordinary dividend paid	0	0	(100.000)	(100.000)
Other adjustments	0	685	0	685
Tax of equity postings	0	(161)	0	(161)
Profit/loss for the year	0	(3.427)	100.000	96.573
Equity end of year	81	74.967	0	75.048

Notes

	2015 DKK'000	2014 DKK'000
1. Staff costs		
Wages and salaries	17.592	13.040
Pension costs	986	799
Other social security costs	51	29
	18.629	13.868
	Remune- ration of manage- ment 2015 DKK'000	Remune- ration of manage- ment 2014 DKK'000
Executive Board	330	315
	330	315

Remuneration of Executive Board is calculated as LOGSTOR Denmark Holding A/S's share of salaries to the executive board in the LOGSTOR Group.

	2015 DKK'000	2014 DKK'000
2. Other financial income		
Financial income arising from group enterprises	1.830	2.023
Other financial income	405	0
	2.235	2.023
	2015 DKK'000	2014 DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	32	0
Other financial expenses	8.622	8.314
	8.654	8.314

Notes

	2015 DKK'000	2014 DKK'000
4. Tax on ordinary profit/loss for the year		
Current tax	(1.217)	(2.552)
Change in deferred tax for the year	288	(1.731)
Adjustment relating to previous years	0	(6)
	(929)	(4.289)

	Invest- ments in group en- terprises DKK'000
5. Fixed asset investments	
Cost beginning of year	215.480
Cost end of year	215.480
Carrying amount end of year	215.480

	Registered in	Corpo- rate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
Subsidiaries:					
Logstor Holding A/S	Løgstør	A/S	100,00	197.955	2.388

6. Contributed capital

The share capital consists of shares of 100 DKK or multiples thereof. The shares are not divided into classes.

	2015 DKK'000	2014 DKK'000
7. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	3.641	1.804

Notes

8. Contingent liabilities

The company has in connection to the acquisition of LRA III ApS, in 2015 merged into LOGSTOR Holding A/S, entered into a contingent consideration agreement. Further payments in connection to the acquisition can be liable after a future sale of LOGSTOR Holding A/S.

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

The LOGSTOR Group is involved in various disputes including insurance issues. Adequate amounts have been set aside for these matters and the total amount on these issues after taking into account insurance coverage are not considered to be material.

9. Assets charged and collateral

As security for the Group's bank debt the shares in group enterprises have been pledged. Current value is DKK 215,480k. and DKK 215,480k. per 31.12.2014.

As security for the Group's bank debt the receivable from group enterprises have been pledged. Current value is DKK 75,386k. and DKK 74,631k. per 31.12.2014.

Guarantee for fulfilment of any obligation incurred by the Group towards banks, a maximum of DKK 726.1 million. Of this amount debt in the other companies which have signed this guarantee amounts to DKK 342,611k per 31.12.2015 and DKK 359,526k per 31.12.2014.

Guarantee provided to third party for subsidiaries guarantees is DKK 36,545k per 31.12.2015 and DKK 35,004k per 31.12.2014.

Notes

10. Ownership

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

Logstor International Sp. z.o.o., Poland.

11. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Logstor International Holding S.à r.l., Luxembourg