

Konecranes A/S

Baldersbuen 15 A, 2640 Hedehusene
CVR no. 49 10 69 12

Annual report for 2015

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 24.05.16

Kari Åkman
Dirigent

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The company

Konecranes A/S
Baldersbuen 15 A
2640 Hedehusene
Tel.: 70 22 36 37
Website: www.konecranes.com
Registered office: Høje-Taastrup
CVR no.: 49 10 69 12
Founded: 1. juni 1971

Board of Directors

Markku Juhani Saarinen
John Tomas Myntti
Kari Åkman

Executive Board

Per Magnus Moberg

Auditors

ERNST & YOUNG
Godkendt Revisionspartnerselskab
Osvold Helmuths Vej 4, P O Box 250
DK - 2000 Frederiksberg

Bank

Nordea Bank

Statement of the Board of Directors and Executive Board on the annual report

Board of Directors and Executive Board have on this day considered and adopted the annual report for the financial year 01.01.15 - 31.12.15 for Konecranes A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities, financial position and results.

We believe that the management's review gives a true and fair review of the matters dealt with in the review.

The annual report is submitted for adoption by the general meeting.

Hedehusene, May 24, 2016

Executive Board

Per Magnus Moberg

Board of Directors

Markku Juhani Saarinen

John Tomas Myntti

Kari Åkman

To the shareholders of Konecranes A/S**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Konecranes A/S for the financial year 01.01.15 - 31.12.15, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. 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. Further, Management is responsible for such internal control as it 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 according to Danish Audit regulations. 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 judgement, including an 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 company's preparation of financial statements that give a true and fair view. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used, 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 31.12.15 and of the results of its operations for the financial year 01.01.15 - 31.12.15 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 other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, May 24, 2016

ERNST & YOUNG

Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Brian Stubtoft
State Authorized Public Accountant

Main activities

The company's main activities are sales and servicing of cranes, primarily in the Danish market.

Development in the company's financial activities and affairs

The income statement for the period 01.01.15 - 31.12.15 showed a result of DKK 1,604,167 against DKK 667,626 for the period 01.01.14 - 31.12.14. The balance sheet showed equity of DKK 6,237,701.

The management considers the net profit for the year to be satisfactory.

Important events occurring after the end of the financial year

No events materially affecting the financial position of the company have occurred after the end of the financial year.

Income statement

Note	2015 DKK	2014 DKK
Gross profit	27.258.599	22.956.164
1 Staff costs	-23.927.572	-20.578.926
Profit/loss before depreciation, amortisation, write-downs and impairment losses	3.331.027	2.377.238
Depreciation, amortisation, impairment losses and write-downs of property, plant and equipment and intangible assets	-1.377.401	-1.406.665
Operating profit/loss	1.953.626	970.573
Other financial income	0	14.849
2 Other financial expenses	-348.877	-317.796
Total net financials	-348.877	-302.947
Profit/loss before tax and extraordinary items	1.604.749	667.626
Tax on profit/loss for the year	-582	0
Profit/loss for the year	1.604.167	667.626
Proposed appropriation account		
Retained earnings	1.604.167	667.626
Total	1.604.167	667.626

ASSETS		31.12.15	31.12.14
		DKK	DKK
Note			
	Goodwill	2.525.140	3.787.711
3	Total intangible assets	2.525.140	3.787.711
	Other plant, fixtures and fittings, tools and equipment	162.184	185.616
4	Total property, plant and equipment	162.184	185.616
	Other receivables	275.218	266.968
	Total investments	275.218	266.968
	Total non-current assets	2.962.542	4.240.295
	Raw materials and consumables	791.999	865.000
	Total inventories	791.999	865.000
	Trade receivables	17.515.039	11.745.916
5	Contract work in progress	4.279.120	2.158.276
	Deferred tax asset	1.686.798	1.687.380
	Income tax receivable	297.755	256.000
	Prepayments	582.987	405.128
	Total receivables	24.361.699	16.252.700
	Cash	3.398.996	9.996.002
	Total current assets	28.552.694	27.113.702
	Total assets	31.515.236	31.353.997

EQUITY AND LIABILITIES		31.12.15	31.12.14
		DKK	DKK
Note			
	Share capital	1.500.000	1.500.000
	Retained earnings	4.737.701	3.133.534
6	Total equity	6.237.701	4.633.534
	Other provisions	888.995	567.840
	Total provisions	888.995	567.840
	Payables group enterprises	6.949.330	6.949.330
7	Total long-term payables	6.949.330	6.949.330
	Prepayments received from customers	557.250	3.470.904
	Trade payables	3.837.592	4.103.088
	Payables group enterprises	5.843.574	6.008.701
	Other payables	7.200.794	5.620.600
	Total short-term payables	17.439.210	19.203.293
	Total payables	24.388.540	26.152.623
	Total equity and liabilities	31.515.236	31.353.997

8 Security provided

9 Contractual obligations

10 Related parties

GENERAL

The annual report has been presented in accordance with the provisions of the Danish Financial Statements Act for reporting class B enterprises.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the time at which the annual report is presented and proving or disproving matters arising on the balance sheet date.

INCOME STATEMENT**Gross profit**

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross Profit'.

Income from the sale of goods and services is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year. Revenue is determined at fair value exclusive of VAT and discounts.

Construction contracts involving the delivery of highly customised installations are recognised as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method). Expected losses on construction contracts are expensed so that losses on the remaining part of the contract do not affect result for subsequent years.

Other external expenses comprise distribution, selling, advertising and administration costs as well as costs of premises, bad debts and operating leases.

Staff cost

Staff cost consist of wages, salaries and other cost related to staff.

Depreciation and amortisation

The amortisation of intangible assets and depreciation of property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. The following useful lives and residual values are applied by the company:

	Useful lives, years	Residual value DKK
Acquired rights	5-7	0
Goodwill	7	0
Other plant, fixtures and fittings, tools and equipment	2-3	0

Acquired rights are amortised over a period exceeding five years. The useful life has been determined in consideration of the period during which the company expects to exercise the rights.

Goodwill is amortised over a period exceeding five years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Net financials

Interest income and interest expenses, foreign currency translation adjustments as well as realised and unrealised capital gains and losses on securities are recognised under net financials.

Tax

The current and deferred taxes for the year are recognised in the income statement as taxes for the year with the portion attributable to the net profit or loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET**Intangible assets**

Intangible assets are measured in the balance sheet at the lower of cost less accumulated amortisation and the recoverable amount.

Gains and losses from the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount on the date of disposal.

Property, plant and equipment

Property, plant and equipment are measured in the balance sheet at the lower of cost less accumulated depreciation and recoverable amount.

Gains and losses from the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount on the date of disposal.

Investments

Other receivables comprise deposits, which are valued at amortised cost.

Impairment of assets

The carrying amount of non-current assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation/amortisation.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets. The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Inventories

Inventories are measured at the lower of cost according to the FIFO principle and net realisable value.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired, in which case the carrying amount is reduced to the net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed less on-account invoicing made for each project in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each project in progress. The degree of completion for each project in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some projects in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual project in progress is used instead.

Each project in progress is recognised in the balance sheet under receivables or payables depending on whether the net value of the selling price less prepayments received is positive or negative.

Prepayments

Prepayments comprise costs incurred in respect of the next financial year.

Cash

Cash consist of bank deposits and cash at bank and in hand.

Equity

The proposed dividend for the financial year is recognised as a special item under equity.

Provisions

Provisions comprise expected expenses relating to guarantee commitments in connection with remediation of faults and deficiencies within the guarantee period. Guarantee commitments are recognised and measured at nominal value based on prior years' experience.

Current and deferred taxes

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for taxes paid on account.

Deferred tax liabilities and deferred tax assets are computed on the basis of all temporary differences between the carrying amount and tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting either the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of the management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Liabilities

Non-current liabilities are measured at cost at the time of contracting such payables (raising of the loan). The liabilities are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the liability on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Current liabilities are also measured at amortised cost, which usually corresponds to the nominal value of the liability.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

	2015	2014
	DKK	DKK

1. Staff costs

Wages	21.665.846	18.474.931
Pensions	1.684.387	1.688.218
Other social security expenses	577.339	415.777
Total	23.927.572	20.578.926

Average number of employees in the year	42	41
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2. Other financial expenses

Financial expenses for group enterprises	147.366	207.092
Interest expenses	84.119	56.543
Foreign exchange losses	117.392	54.161
Total	348.877	317.796

3. Intangible assets

Figures in DKK	Acquired rights	Goodwill
Cost as at 31.12.14	553.115	8.837.995
Cost as at 31.12.15	553.115	8.837.995
Amortisation and impairment losses as at 31.12.14	553.115	5.050.278
Amortisation during the year	0	1.262.577
Amortisation and impairment losses as at 31.12.15	553.115	6.312.855
Carrying amount as at 31.12.15	0	2.525.140

4. Property, plant and equipment

Figures in DKK	Other plant, fixtures and fittings, tools and equipment	
Cost as at 31.12.14		1.528.515
Additions during the year		91.396
Disposals during the year		-7.623
Cost as at 31.12.15		1.612.288
Depreciation and impairment losses as at 31.12.14		1.342.898
Depreciation during the year		112.078
Depreciation and impairment losses disposed assets		-4.872
Depreciation and impairment losses as at 31.12.15		1.450.104
Carrying amount as at 31.12.15		162.184

31.12.15	31.12.14
DKK	DKK

5. Contract work in progress

Contract work in progress	4.279.120	2.158.276
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6. Equity

Figures in DKK	Share capital	Retained earnings
<i>Statement of changes in equity for the period 01.01.14 - 31.12.14</i>		
Balance as at 31.12.13	1.500.000	2.465.908
Proposed distribution of net profit	0	667.626
Balance as at 31.12.14	1.500.000	3.133.534

Statement of changes in equity for the period 01.01.15 - 31.12.15

Statement of changes in equity for the period as at 01.01.15	1.500.000	3.133.534
Proposed distribution of net profit	0	1.604.167
Statement of changes in equity for the period as at 31.12.15	1.500.000	4.737.701

The company's share capital has remained DKK 1,500,000 over the past 3 years.

	2014 DKK	2013 DKK	2012 DKK	2011 DKK
Balance, beginning of year	1.500.000	1.500.000	1.450.000	1.450.000
Capital increase	0	0	50.000	0
Balance, end of year	1.500.000	1.500.000	1.500.000	1.450.000

The share capital consists of:

	Quantity	Nominal value
1 share(s) of DKK 1,000,000	1	1.000.000
1 share(s) of DKK 450,000	1	450.000
1 share(s) of DKK 50,000	1	50.000

7. Payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.15	Total payables at 31.12.14
Payables group enterprises	0	0	6.949.330	6.949.330

8. Security provided

The Company has put up guarantees totalling DKK 6,330,860 through Dansk Kaution and Nordea as security for its construction contracts.

The Company is subject to standard contractor guarantees.

9. Contractual obligations

Rent and lease liabilities include a rent obligation totalling DKK 670,895 relating to a non-cancellable rent agreement and liabilities under operating leases for cars and IT equipment totalling DKK 4,806,994.

10. Related parties

Konecranes A/S is included in the consolidated financial statements of the parent, Konecranes plc, Koneenkatu 8, FI-05801, Finland.