


Labflex A/S
Central Business Registration No
55220212
True Møllevej 5
8381 Tilst

Annual report 2015

The Annual General Meeting adopted the annual report on 31.05.2016

Chairman of the General Meeting



Name: Pål Brynsrud

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Entity details

Entity

Labflex A/S
True Møllevej 5
8381 Tilst

Central Business Registration No: 55220212

Registered in: Aarhus

Financial year: 01.01.2015 - 31.12.2015

Phone: 87472700

Fax: 87472701

Board of Directors

Pål Brynsrud, Chairman

Wilhelm Anton Mohn, Vice Chairman

Michael Bodd

Lars Foghsgaard

Kim Rasmussen

Executive Board

Malte Foghsgaard

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

0900 København C

Statement by Management on the annual report

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

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

In our opinion, the consolidated financial statements and parent financial statements of Labflex A/S give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations and cash flows 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.

Tilst, 31.05.2016

Executive Board



Malte Foghsgaard

Board of Directors



Pål Brynsrud
Chairman



Lars Foghsgaard



Wilhelm Anton Mohn
Vice Chairman



Kim Rasmussen



Michael Bodd

Independent auditor's reports

To the owners of Labflex A/S

Report on the financial statements

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

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

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

Auditor's responsibility

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

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

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

Our audit has not resulted in any qualification.

Opinion

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

Independent auditor's reports

Statement on the management commentary

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

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

København, 31.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab



Annemarie Angel
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000	2011 DKK'000
Financial high-lights					
Key figures					
Revenue	440.951	390.034	218.001	193.441	117.895
Gross profit/loss	91.975	95.475	55.173	38.321	43.927
Operating profit/loss	24.337	35.657	8.319	(2.771)	4.703
Net financials	(5.663)	(2.524)	(4.060)	(2.693)	(2.430)
Profit/loss for the year	11.810	24.787	23	(4.930)	1.768
Total assets	163.496	199.444	147.679	129.091	134.661
Investments in property, plant and equipment	14.568	4.349	711	1.503	417
Equity	17.048	78.648	53.853	53.647	58.877
Invested capital including goodwill	21.973	42.449	54.091	61.269	68.056
Interest bearing debt, net	(10.332)	28.339	27.810	33.332	8.509
Cash flows from (used in) operating activities	38.459	57.175	5.386	8.715	9.248
Cash flows from (used in) investing activities	(20.476)	(1.041)	(196)	(1.677)	(1.599)
Cash flows from (used in) financing activities	(48.964)	(10.628)	(9.564)	(745)	(11.895)
Employees in average	171	151	130	122	124
Ratios					
Gross margin (%)	20,9	24,5	25,3	19,8	37,3
Net margin (%)	2,7	6,4	0,0	(2,5)	1,5
Return on invested capital including goodwill (%)	110,9	84,1	18,4	(4,5)	6,9
Turnover invested capital	20,1	9,2	4,0	3,2	1,7
Financial gearing (%)	(0,6)	0,4	0,5	0,6	0,1
Return on equity (%)	24,7	37,4	0,0	(8,8)	3,0
Solvency ratio	10,4	39,4	36,5	41,6	43,7

Management commentary

Primary activities

Labflex is an international market leading company of innovative and customer-adapted furniture solutions for laboratories in the pharmaceutical sector, technical schools and universities, as well as in the research and hospital sector.

MORE THAN 50 YEARS OF EXPERIENCE

For more than 50 years, Labflex has set the standard for both design and functionality in the laboratory around the world. Labflex represents a credible and quality-conscious partner when it comes to the laboratory furniture solutions, both locally and internationally. Flexibility and user innovation is the trademark of all Labflex solutions. Labflex wishes to be a partner that sets new standards for functional and customer optimized solutions and where safety and working environment are in focus.

FUTURE-PROOF LABORATORIES

A Labflex furniture solution is characterized by the company's broad spectrum of competencies. Our team of architects, engineers, building constructors and lab technicians has a broad professional and practical experience. Setting up a laboratory in a correct and optimal way, requires insight into standards, regulations and trends. Such specific key competencies and relevant know-how provides the customer with the best consulting and a future-proof laboratory solution.

The Labflex solution provides the customer with a modern and functional laboratory solution of high quality with a minimum of administration.

Development in activities and finances

The Group's net profit before tax reached DKK 12m against DKK 25m in 2014. Year 2015 was the first year of Labflex' new Excellence Strategy with focus on international expansion and growth. We have established a new office in North Carolina, USA.

In 2015, revenue grew by 13% to DKK 441m. All markets contributed with a satisfactory growth - especially international key accounts and Denmark.

To support the increased sales activities in the various markets and the continuing international growth, the number of employees within the Group increased by 13% to 171.

At the end of the financial year, the total assets amounted to DKK 163m, while the company's equity was DKK 17m – corresponding to an equity ratio of 10%. The equity ratio was negatively affected by a capital reduction of DKK 74m in connection with the ownership change in the fall of 2015.

Management commentary

2015 was a year with acceptable earnings.

Uncertainty relating to recognition and measurement

In the preparation of the annual report, accounting estimates and judgements were made in accordance with statutory provisions and Danish law - see the description under Accounting Policies. The estimates are based on assumptions which management considers realistic, sound and defensible.

Future plans are based on expectations of market development, strategic initiatives and structural measures as well as historical results. The assumptions and estimates prepared for the long-term development of the market and the related expectations of both the Company's and the Group's development are inherently subject to uncertainty.

Outlook

Positive development is expected in the coming year.

Labflex will continue to invest in its value propositions and organic growth opportunities by expanding into new markets and capabilities in order to increase earnings in the years to come.

Particular risks

Financial risks

The Group's activities create exposure to a variety of financial risks. These risks include market risk (such as foreign exchange risk and interest rate risk), credit risk and liquidity risk that will affect the Group's net result and/or equity.

The parent company manages the Group's financial risks centrally and coordinates the Group's cash management. The Group pursues a policy of having a low risk profile implying that foreign currency, interest rate and credit risks that arise from commercial activities are controlled and secured.

To minimize exposure to these risks, the Group enters into a variety of financial instruments and generally seeks to apply hedging to minimize volatility in profit and loss – primarily forward contracts and interest rate swaps are used to reduce the existing operating risks and anticipated financial risks.

As a majority of the Group's activities take place outside Denmark and in currencies other than DKK, results, cash flows and equity are affected by exchange rate fluctuations in a number of currencies, in particular EUR, GBP, NOK, USD and CHF.

The Group has chosen not to hedge the exposure related to investments in the UK subsidiary and the branch in Norway. However, in certain cases the Group hedges specific cash flows in foreign currencies.

Management commentary

Liquidity risk results from the Group's potential inability to meet the obligation associated with its financial liabilities, e.g. paying its suppliers and setting finance lease obligations. The Group's liquidity is managed by the parent company.

The Group's liquidity situation is satisfactory. The external financing primarily represents variable rate bank-loan and fixed-rate mortgage debt, whereas the unused regular credit facilities have been negotiated with variable rates.

Special risks

The Group is, to this date, not engaged in any legal actions, hence no provisions have been made in this respect.

The Group has signed insurance to cover generally occurring risks regarding assets and interruptions.

Environmental performance

The environment has become a central topic on the Group's agenda. The Group runs its business with the highest possible respect for environmental matters with regard to own production as well as the products sold.

The use of polluting auxiliary substances in the production process is very limited.

Research and development activities

The Group develops new products and maintains its designs continuously.

Based on assessment of the specific development activities, development costs are regularly expensed in the income statement.

Foreign branches

The company has registered the following branches abroad:

Labflex, Oslo, Norway (org.no. 988 919 306)

Corporate social responsibility

Currently, Labflex has not yet designed or implemented specific policies for the pursuit of social responsibility.

Diversity in management

The Board of Labflex considers that its members should be assessed based on their competences and skills, yet it has also recognized the benefits of a diverse Board of Directors in respect of business knowledge, culture,

Management commentary

international experience and gender. Today, the Board of Directors consists of five men (100%) and no women (0%).

The group's policy is to have one woman (17%) out of six members in the board by the end of 2018, and two women (33%) out of six in the board by the end of 2020. However, the key criteria for nomination of candidates will be to seek competent Board members being also able to add value to the Labflex Group Strategy and business control. The Group policy and the defined targets are evaluated every year at the general meeting.

With regard to the Group's other management levels, Labflex also wishes to enhance diversity. Currently, 29% in the management team is female. On this basis, Group policy encourages both men and women to apply for vacant positions in the Group, and men and women are guaranteed the same rights and conditions upon hiring and during their employment.

The Group expects to increase the proportion of the underrepresented gender in the other management levels through policies and initiatives. In the quest to increase the proportion of women in management, we will choose the woman if we have two equally qualified candidates of different gender. Also, the management team has particular focus on the elaboration of career plans for female employees.

The Group's work with diversity in the other management levels has just started up, and there is not yet a basis for assessing the results achieved.

Events after the balance sheet date

To this date, no events have occurred after the balance sheet date that would influence the evaluation of the annual report.

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

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

Accounting policies

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Foreign currency translation

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

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables. Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

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

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Accounting policies

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Also, provisions for loss on contract work in progress are recognised under production costs.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationary and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other financial income

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

Other financial expenses

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

Income taxes

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

Accounting policies

Balance sheet

Intellectual property rights etc

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

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

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

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

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

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Accounting policies

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

Buildings	5-25 years
Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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

Investments in group enterprises

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

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

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

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.

Accounting policies

Inventories

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

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

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

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Prepayments

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

Other investments

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

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, loss on contract work in progress, etc.

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

Once it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Mortgage debt

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

Finance lease commitments

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

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

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

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

Accounting policies

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

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

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

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

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

Accounting policies

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The Entity's operating profitability.
Return on invested capital incl goodwill (%)	$\frac{\text{EBITA} \times 100}{\text{Average invested capital incl goodwill}}$	The return generated by the Entity on the investors' funds.
Revenue/Invested capital incl goodwill	$\frac{\text{Revenue}}{\text{Average invested capital incl goodwill}}$	Turnover rate of capital employed by the Entity.
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$	The Entity's financial gearing..
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Solvency ratio	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.

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

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets including

Accounting policies

goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses relating to goodwill are not added.

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

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

Consolidated income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Revenue	1	440.951	390.034
Production costs	3, 4	<u>(348.976)</u>	<u>(294.559)</u>
Gross profit/loss		91.975	95.475
Distribution costs	3, 4	(39.879)	(34.204)
Administrative costs	2, 3, 4	<u>(27.759)</u>	<u>(25.614)</u>
Operating profit/loss		24.337	35.657
Income from investments in group enterprises	5	(6.180)	0
Other financial income		2.556	250
Financial expenses from group enterprises		0	(947)
Other financial expenses		<u>(2.039)</u>	<u>(1.827)</u>
Profit/loss from ordinary activities before tax		18.674	33.133
Tax on profit/loss from ordinary activities	6	<u>(6.864)</u>	<u>(8.346)</u>
Profit/loss for the year		<u>11.810</u>	<u>24.787</u>
Proposed distribution of profit/loss			
Retained earnings		<u>11.810</u>	<u>24.787</u>
		<u>11.810</u>	<u>24.787</u>

Consolidated balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Completed development projects		60	96
Intangible assets	7	<u>60</u>	<u>96</u>
Land and buildings		0	10.120
Plant and machinery		11.172	3.776
Other fixtures and fittings, tools and equipment		2.416	2.764
Leasehold improvements		2.426	28
Property, plant and equipment	8	<u>16.014</u>	<u>16.688</u>
Other receivables		1.676	466
Deferred tax	11	12.535	19.067
Fixed asset investments	9	<u>14.211</u>	<u>19.533</u>
Fixed assets		<u>30.285</u>	<u>36.317</u>
Raw materials and consumables		4.185	5.964
Work in progress		4.222	3.988
Manufactured goods and goods for resale		5.154	2.983
Inventories		<u>13.561</u>	<u>12.935</u>
Trade receivables		52.423	71.380
Contract work in progress	12	26.725	21.823
Receivables from group enterprises		10	50
Other short-term receivables		9.731	2.805
Prepayments		1.573	246
Receivables		<u>90.462</u>	<u>96.304</u>
Other investments		0	1.694
Other investments		<u>0</u>	<u>1.694</u>
Cash		<u>29.188</u>	<u>52.194</u>
Current assets		<u>133.211</u>	<u>163.127</u>
Assets		<u>163.496</u>	<u>199.444</u>

Consolidated balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital		2.437	39.088
Other reserves		0	15.000
Retained earnings		14.611	24.560
Equity		17.048	78.648
Other provisions		631	1.034
Provisions		631	1.034
Mortgage debts		0	4.394
Bank loans		20.000	0
Finance lease liabilities		7.102	1.357
Payables to group enterprises		0	17.342
Non-current liabilities other than provisions	13	27.102	23.093
Current portion of long-term liabilities other than provisions	13	4.416	1.974
Bank loans		7.975	0
Prepayments received from customers		6.032	32.464
Trade payables		50.953	38.404
Income tax payable		27	482
Other payables		49.312	23.345
Current liabilities other than provisions		118.715	96.669
Liabilities other than provisions		145.817	119.762
Equity and liabilities		163.496	199.444
Subsidiaries	10		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Mortgages and securities	18		
Consolidation	19		

Consolidated statement of changes in equity for 2015

	Contributed capital DKK'000	Other reser- ves DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	39.088	15.000	24.560	78.648
Decrease of capital	(36.651)	0	(36.948)	(73.599)
Exchange rate adjustments	0	0	(18)	(18)
Other adjustments	0	0	278	278
Tax of equity postings	0	0	(71)	(71)
Profit/loss for the year	0	(15.000)	26.810	11.810
Equity end of year	2.437	0	14.611	17.048

Consolidated cash flow statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Operating profit/loss		24.337	35.657
Amortisation, depreciation and impairment losses		1.567	3.628
Other provisions		(403)	329
Working capital changes	14	<u>12.574</u>	<u>20.430</u>
Cash flow from ordinary operating activities		38.075	60.044
Financial income received		2.556	283
Financial income paid		(2.039)	(2.774)
Income taxes refunded/(paid)		<u>(133)</u>	<u>(378)</u>
Cash flows from operating activities		38.459	57.175
Sale of intangible assets		0	3.308
Acquisition etc of property, plant and equipment		(14.568)	(4.349)
Sale of fixed asset investments		1.694	0
Other cash flows from investing activities	15	<u>(7.602)</u>	<u>0</u>
Cash flows from investing activities		(20.476)	(1.041)
Loans raised		28.608	1.736
Instalments on loans etc		(18.973)	(12.364)
Cash decrease of capital		<u>(58.599)</u>	<u>0</u>
Cash flows from financing activities		(48.964)	(10.628)
Increase/decrease in cash and cash equivalents		(30.981)	45.506
Cash and cash equivalents beginning of year		<u>52.194</u>	<u>6.688</u>
Cash and cash equivalents end of year		21.213	52.194
Cash and cash equivalents at year-end are composed of:			
Cash		29.188	52.194
Short-term debt to banks		<u>(7.975)</u>	<u>0</u>
Cash and cash equivalents end of year		21.213	52.194

Notes to consolidated financial statements

	2015 DKK'000	2014 DKK'000
1. Revenue		
Denmark	238.968	202.745
Other EU-countries	19.904	23.523
Other countries outside EU	37.282	69.617
North America	134.294	12.398
Other countries	10.503	81.751
	440.951	390.034

	2015 DKK'000	2014 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	307	322
Other assurance engagements	5	0
Other services	207	288
	519	610

	2015 DKK'000	2014 DKK'000
3. Staff costs		
Wages and salaries	80.423	66.889
Pension costs	6.294	5.244
Other social security costs	631	683
Other staff costs	392	382
	87.740	73.198

Average number of employees	171	151
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	Remune- ration of manage- ment 2015 DKK'000	Remune- ration of manage- ment 2014 DKK'000
Executive Board	1.827	0
Board of Directors	725	2.052
	2.552	2.052

Referring to S. 98b of the Danish Financial Statements Act, the distribution of remuneration between the Executive Board and the Board of Directors has not been disclosed for the comparative year 2014.

Notes to consolidated financial statements

	2015 DKK'000	2014 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	36	36
Depreciation on property, plant and equipment	3.899	3.725
Profit/loss from sale of intangible assets and property, plant and equipment	(2.367)	(133)
	1.568	3.628

5. Income from investments in group enterprises

	2015 DKK'000	2014 DKK'000
Loss from sales of financial assets	(6.180)	0
	(6.180)	0

	2015 DKK'000	2014 DKK'000
6. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	50	481
Change in deferred tax for the year	7.178	8.008
Adjustment concerning previous years	(364)	(143)
	6.864	8.346

	Completed develop- ment pro- jects DKK'000
7. Intangible assets	
Cost beginning of year	808
Cost end of year	808
Amortisation and impairment losses beginning of year	(712)
Amortisation for the year	(36)
Amortisation and impairment losses end of year	(748)
Carrying amount end of year	60

Notes to consolidated financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fix- tures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
8. Property, plant and equipment				
Cost beginning of year	26.792	55.363	21.914	34
Additions	0	11.359	807	2.402
Disposals	(26.792)	(29.351)	(727)	0
Cost end of year	0	37.371	21.994	2.436
Depreciation and impairment losses beginning of the year	(16.672)	(51.587)	(19.150)	(6)
Depreciation for the year	(831)	(1.995)	(1.069)	(4)
Reversal regarding disposals	17.503	27.383	641	0
Depreciation and impairment losses end of the year	0	(26.199)	(19.578)	(10)
Carrying amount end of year	0	11.172	2.416	2.426
Recognised assets not owned by entity	0	8.300	0	0

9. Fixed asset investments

Fixed assets investments comprise other receivables relating to leased property and the value of a deferred tax asset.

	Registered in	Corpo- rate form	Equity inte- rest %
10. Subsidiaries			
Labflex Export ApS	Denmark, Aarhus	ApS	100,0
Labflex Ltd	Derbyshire, UK	Ltd.	100,0
Labflex Norway AS	Oslo, Norway	AS	100,0
Labflex Inc	North Carolina, USA	Inc	100,0

Notes to consolidated financial statements

	2015	2014
	DKK'000	DKK'000
11. Deferred tax		
Intangible assets	14	436
Property, plant and equipment	2.318	5.445
Inventories	105	202
Receivables	7	(1.089)
Provisions	129	0
Liabilities other than provisions	0	6
Tax losses carried forward	14.893	14.067
Other taxable temporary differences	(4.931)	0
	12.535	19.067
	2015	2014
	DKK'000	DKK'000
12. Contract work in progress		
Contract work in progress	102.740	221.978
Progress billings regarding contract work in progress	(76.015)	(200.155)
	26.725	21.823

Prepayments by customers for the year recognised in liabilities by DKK 6.032k (2014: DKK 32.464k) have been set off against progress billings.

	Instalments within 12 months 2015 DKK'000	Instalments within 12 months 2014 DKK'000	Instalments beyond 12 months 2015 DKK'000	Outstanding after 5 years DKK'000
13. Long-term liabilities other than provisions				
Mortgage debts	3.214	568	0	0
Bank loans	0	0	20.000	20.000
Finance lease liabilities	1.202	1.406	7.102	2.227
	4.416	1.974	27.102	22.227

Notes to consolidated financial statements

	2015 DKK'000	2014 DKK'000
14. Change in working capital		
Increase/decrease in inventories	(7.020)	87
Increase/decrease in receivables	(6.348)	(22.761)
Increase/decrease in trade payables etc	24.087	43.104
Other changes	1.855	0
	12.574	20.430

15. Other cash flows from investing activities

Other cash flows from investing activities relate to disposals of cash in connection with the Group's sale of a former subsidiary.

	2015 DKK'000	2014 DKK'000
16. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	25.637	8.095

	2015 DKK'000	2014 DKK'000
17. Contingent liabilities		
Recourse and non-recourse guarantee commitments	43.657	93.990
Contingent liabilities	43.657	93.990

The company has provided guarantees totaling DKK 43,657k (2014: DKK 93,990k) relating to performance bonds and guarantees to the customs region (Toldregion Øst) in Norway.

To provide security for guarantee of advance payment and performance bonds, cash and cash equivalents of a carrying amount of DKK 0k (2014: DKK 11,248k) and securities of a carrying amount of DKK 0k (2014: DKK 1,694k) have been placed in safe custody.

At 10 November 2015, the Company is jointly taxed with Labflex Holding ApS (administration company). According to the joint taxation provisions of the Danish Companies Act, the Entity is therefore liable from 10 November 2015 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies and from 10 November 2015 subject to joint and several liability for income taxes that may be incumbent on the jointly taxed companies. Until 9 November 2015, the Company was jointly taxed with Lars Foghsgaard Holding ApS as the administration company.

Notes to consolidated financial statements

18. Mortgages and securities

As security for debt to financial institutions, the company has issued mortgage deeds registered to the mortgagor for DKK 4,150k nominal (2014: DKK 23,950k), secured on properties and plant and machinery belonging to them.

To provide security for commitments with financial institutions, the company has deposited a letter of indemnity for DKK 0k nominal (2014: DKK 15,000k), secured on properties and plant and machinery belonging to them.

The carrying amount of mortgaged properties is DKK 0 (2014: DKK 10,120k) and the carrying amount of the mortgaged production plant is DKK 0k (2014: DKK 183k).

Furthermore the company has issued a company pledge of DKK 25,000k (2014: DKK 11,500k) as security for debt to bank. The security comprises inventories and un-secured claims relating to the sale of goods and services as well as goodwill, etc. The company pledge is carrying amount of mortgaged assets is DKK 92.709k (2014: DKK 106,138k).

The Group has provided a guarantee for Labflex Holding ApS as security for the OTC framework (a maximum of DKK 10,000k).

All shares in the Group are secured on all the Group's bank debt. The bank debt amounts to DKK 27,975k.

19. Consolidation

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

Labflex Holding ApS, Tilst, CVR nr. 37128112

Parent income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Revenue	1	360.769	295.634
Production costs	2, 3	<u>(285.542)</u>	<u>(224.876)</u>
Gross profit/loss		75.227	70.758
Distribution costs	2, 3	(28.552)	(23.290)
Administrative costs	2, 3	<u>(15.633)</u>	<u>(16.392)</u>
Operating profit/loss		31.042	31.076
Income from investments in group enterprises	4	(11.534)	3.220
Other financial income from group enterprises		0	138
Other financial income		2.515	572
Financial expenses from group enterprises		(398)	(1.076)
Other financial expenses		<u>(1.745)</u>	<u>(1.569)</u>
Profit/loss from ordinary activities before tax		19.880	32.361
Tax on profit/loss from ordinary activities	5	<u>(8.070)</u>	<u>(7.574)</u>
Profit/loss for the year		<u>11.810</u>	<u>24.787</u>
Proposed distribution of profit/loss			
Retained earnings		<u>11.810</u>	<u>24.787</u>
		11.810	24.787

Parent balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Completed development projects		60	96
Intangible assets	6	<u>60</u>	<u>96</u>
Land and buildings		0	4.618
Plant and machinery		11.172	1.660
Other fixtures and fittings, tools and equipment		2.416	2.678
Leasehold improvements		2.385	28
Property, plant and equipment	7	<u>15.973</u>	<u>8.984</u>
Investments in group enterprises		3.689	29.121
Other receivables		1.676	466
Deferred tax	9	12.535	19.759
Fixed asset investments	8	<u>17.900</u>	<u>49.346</u>
Fixed assets		<u>33.933</u>	<u>58.426</u>
Raw materials and consumables		4.185	3.031
Work in progress		4.222	2.291
Manufactured goods and goods for resale		5.154	1.219
Inventories		<u>13.561</u>	<u>6.541</u>
Trade receivables		45.234	49.793
Contract work in progress	10	24.188	18.844
Receivables from group enterprises		7.686	9.654
Other short-term receivables		9.133	433
Prepayments	11	1.573	158
Receivables		<u>87.814</u>	<u>78.882</u>
Other investments		0	1.694
Other investments		<u>0</u>	<u>1.694</u>
Cash		<u>28.394</u>	<u>44.233</u>
Current assets		<u>129.769</u>	<u>131.350</u>
Assets		<u>163.702</u>	<u>189.776</u>

Parent balance sheet at 31.12.2015

	Notes	2015 DKK'000	2014 DKK'000
Contributed capital	12	2.437	39.088
Other reserves		0	15.000
Retained earnings		14.611	24.560
Equity		17.048	78.648
Other provisions	13	631	1.034
Provisions		631	1.034
Mortgage debts		0	3.214
Bank loans		20.000	0
Finance lease liabilities		7.102	0
Payables to group enterprises		0	17.342
Non-current liabilities other than provisions	14	27.102	20.556
Current portion of long-term liabilities other than provisions	14	4.416	1.549
Bank loans		7.975	0
Prepayments received from customers		6.032	31.009
Trade payables		48.712	33.258
Payables to group enterprises		3.400	4.447
Income tax payable		0	393
Other payables		48.386	18.882
Current liabilities other than provisions		118.921	89.538
Liabilities other than provisions		146.023	110.094
Equity and liabilities		163.702	189.776
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Mortgages and securities	17		
Related parties with controlling interest	18		
Ownership	19		

Parent statement of changes in equity for 2015

	Contributed capital DKK'000	Other reser- ves DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	39.088	15.000	24.560	78.648
Decrease of capital	(36.651)	0	(36.948)	(73.599)
Exchange rate adjustments	0	0	(18)	(18)
Other adjustments	0	0	278	278
Tax of equity postings	0	0	(71)	(71)
Profit/loss for the year	0	(15.000)	26.810	11.810
Equity end of year	2.437	0	14.611	17.048

Notes to parent financial statements

	2015 DKK'000	2014 DKK'000
1. Revenue		
Denmark	197.376	153.117
Other EU-countries	9.425	9.287
Other countries outside EU	9.581	39.079
North America	134.294	12.400
Other countries	10.093	81.751
	360.769	295.634
	2015 DKK'000	2014 DKK'000
2. Staff costs		
Wages and salaries	53.288	42.393
Pension costs	4.342	3.508
Other social security costs	178	100
Other staff costs	310	263
	58.118	46.264
Average number of employees	114	94
	Remune- ration of manage- ment 2015 DKK'000	Remune- ration of manage- ment 2014 DKK'000
Board of Directors	1.905	2.052
	1.905	2.052

Referring to S. 98b of the Danish Financial Statements Act, the distribution of remuneration between the Executive Board and the Board of Directors has not been disclosed.

	2015 DKK'000	2014 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	36	36
Depreciation on property, plant and equipment	3.171	2.978
Profit/loss from sale of intangible assets and property, plant and equipment	(2.353)	(59)
	854	2.955

Notes to parent financial statements

4. Income from investments in group enterprises

	2015 DKK'000	2014 DKK'000
Income from investments in group enterprises	(5.354)	3.220
Loss from sales of financial assets	(6.180)	0
	<u>(11.534)</u>	<u>3.220</u>

	2015 DKK'000	2014 DKK'000
5. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	0	393
Change in deferred tax for the year	8.240	7.212
Adjustment concerning previous years	(170)	(31)
	<u>8.070</u>	<u>7.574</u>

	Completed develop- ment pro- jects DKK'000
6. Intangible assets	
Cost beginning of year	808
Cost end of year	<u>808</u>
Amortisation and impairment losses beginning of year	(712)
Amortisation for the year	(36)
Amortisation and impairment losses end of year	<u>(748)</u>
Carrying amount end of year	<u>60</u>

Notes to parent financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fix- tures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
7. Property, plant and equipment				
Cost beginning of year	14.961	47.020	21.237	34
Additions	0	11.359	807	2.361
Disposals	(14.961)	(21.008)	(50)	0
Cost end of year	0	37.371	21.994	2.395
Depreciation and impairment losses beginning of the year	(10.343)	(45.360)	(18.559)	(6)
Depreciation for the year	(467)	(1.631)	(1.069)	(4)
Reversal regarding disposals	10.810	20.792	50	0
Depreciation and impairment losses end of the year	0	(26.199)	(19.578)	(10)
Carrying amount end of year	0	11.172	2.416	2.385
Recognised assets not owned by entity	0	8.300	0	0
				Investments in group enter- prises DKK'000
8. Fixed asset investments				
Cost beginning of year				78.548
Additions				30
Disposals				(48.213)
Cost end of year				30.365
Impairment losses beginning of year				(49.427)
Exchange rate adjustments				(18)
Share of profit/loss for the year				(5.353)
Other adjustments				1.089
Reversal regarding disposals				27.033
Impairment losses end of year				(26.676)
Carrying amount end of year				3.689

Notes to parent financial statements

	2015 DKK'000	2014 DKK'000
9. Deferred tax		
Intangible assets	14	436
Property, plant and equipment	2.318	4.887
Inventories	105	234
Receivables	7	116
Provisions	129	0
Tax losses carried forward	14.893	14.086
Other taxable temporary differences	(4.931)	0
	12.535	19.759
	2015 DKK'000	2014 DKK'000
10. Contract work in progress		
Contract work in progress	100.203	205.979
Progress billings regarding contract work in progress	(76.015)	(187.135)
	24.188	18.844

Prepayments by customers for the year recognised in liabilities by DKK 6,032k (2014: DKK 31,009k) have been set off against progress billings.

11. Prepayments

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

	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000	2011 DKK'000
12. Contributed capital					
Changes in contributed capital					
Contributed capital beginning of year	39.088	89.088	89.088	89.088	89.088
Decrease of capital	(36.651)	(50.000)	0	0	0
Contributed capital end of year	2.437	39.088	89.088	89.088	89.088

Notes to parent financial statements

13. Other provisions

Other provisions comprise costs for guarantees provided.

	Instalments within 12 months 2015 DKK'000	Instalments within 12 months 2014 DKK'000	Instalments beyond 12 months 2015 DKK'000	Outstanding after 5 years DKK'000
14. Long-term liabilities other than provisions				
Mortgage debts	3.214	418	0	0
Bank loans	0	0	20.000	20.000
Finance lease liabilities	1.202	1.131	7.102	2.227
	4.416	1.549	27.102	22.227

	2015 DKK'000	2014 DKK'000
15. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	25.637	5.740

	2015 DKK'000	2014 DKK'000
16. Contingent liabilities		
Recourse and non-recourse guarantee commitments	43.657	80.787
Contingent liabilities	43.657	80.787

The company has provided guarantees relating to advance payment guarantees, performance bonds and guarantees to the customs region (Toldregion Øst) in Norway.

To provide security for guarantee of advance payment and performance bonds, cash and cash equivalents of a carrying amount of DKK 0k (2014: DKK 11,248k) and securities of a carrying amount of DKK 0k (2014: DKK 1,694k) have been placed in safe custody.

At 10 November 2015, the Company is jointly taxed with Labflex Holding ApS (administration company). According to the joint taxation provisions of the Danish Companies Act, the Entity is therefore liable from 10 November 2015 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies and from 10 November 2015 subject to joint and several liability for income taxes that may be incumbent on the jointly taxed companies. Until 9 November 2015, the Company was jointly taxed with Lars Foghsgaard Holding ApS as the administration company.

Notes to parent financial statements

The parent has submitted a letter of support to Labflex Ltd. The parent confirms its willingness to support Labflex Ltd. to the effect that Labflex Ltd. is able to settle its liabilities as they fall due and so that Labflex A/S will not require payment of the amount owed to it until March 2017

17. Mortgages and securities

As security for debt to financial institutions, the company has issued mortgage deeds registered to the mortgagor for DKK 4,150k nominal (2014: DKK 17,450k), secured on properties and plant and machinery belonging to them.

To provide security for commitments with financial institutions, the company has deposited a letter of indemnity for DKK 0k nominal (2014: DKK 15,000k), secured on properties and plant and machinery belonging to them.

The carrying amount of mortgaged properties is DKK 0 (2014: DKK 4,618k).

Furthermore the company has issued a company pledge (virksomhedspant) of DKK 25,000k (2014: DKK 5,750k) as security for debt to bank. The security comprises inventories and unsecured claims relating to the sale of goods and services as well as goodwill, etc. The company pledge is carrying amount of mortgaged assets is DKK 82.982k (2014: DKK 75,178k).

The Parent has provided a guarantee for the subsidiaries' bank debt. The bank debt in subsidiaries amounts to DKK 0 in 2015. Furthermore, the Parent has provided a guarantee for Labflex Holding ApS as security for the OTC framework (a maximum of DKK 10,000k).

The shares in the subsidiaries are secured on all the Parent's and subsidiaries' bank debt. The carrying amount of the shares amounts to DKK 3,689k.

18. Related parties with controlling interest

Related parties with a controlling interest in Labflex A/S and the Group are as follows:

Labflex Holding ApS, Tilst, Denmark holds all of the company shares, hence this company has a controlling interest in the company.

Credo Invest Nr 9 AS, Oslo, Norway is the ultimate holding company of the Group, which has a controlling interest given its voting rights at the higher level of the Group.

The Executive Board and the Board of Directors of Labflex A/S.

Notes to parent financial statements

19. Ownership

The Company has registered the following shareholders as holding more than 5% of the voting shares or more than 5% of the nominal value of share capital:

Labflex Holding ApS, Tilst, Denmark, Central Business Registration No 37128112