K. Nissen International A/S

Ormhøjgårdvej 9, 8700 Horsens

CVR No. 70 60 69 17

DELIVERING THE DIFFERENCE

Annual report
for the year ended 30 April 2016

Approved at the annual general meeting of shareholders on 30 September 2016

Chairman:

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Contents

Company details

Name	K. Nissen International A/S
Address, Postal code, City	Ormhøjgårdvej 9, 8700 Horsens
CVR No.	70 60 69 17
Registered office	Horsens
Financial year	1 May - 30 April
Board of Directors	Alan Nissen, Chairman Lars Bonderup Bjørn, Vice chairman Carsten Bjerg
Executive Board	Mikkel Krogslund Andersen
Auditors	Ernst & Young, Godkendt Revisionspartnerselskab Kolding Åpark 1, 3. sal, 6000 Kolding, Denmark
Bankers	Sydbank

Financial highlights

5-year summary (in DKK thousands, except per share data):

	2015/16	2014/15	2013/14	2012/13	2011/12
Key figures (in DKK thousands)					
Revenue	1,380,073	1,094,351	956,733	843,162	877,728
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)	152,947	124,543	116,594	79,732	111,980
Operating profit/loss	130,162	100,662	91,283	51,345	85,505
Net financials	-9,342	-11,083	-11,794	-12,834	-14,102
Profit/loss for the year	93,134	68,032	59,872	25,017	53,200
Balance sheet total	960,595	848,025	743,224	689,655	694,646
Investments in property, plant and equipment	23,950	25,731	33,493	14,447	27,242
Equity	399,135	329,760	291,151	285,977	262,327
Cash flows from operating activities	52,315	15,875	61,242	74,396	85,196
Average number of employees	1,189	939	818	763	790
Financial ratios in %					
Gross margin	34.0	36.3	38.1	36.7	40.6
EBIT margin	9.4	9.2	9.5	6.1	9.7
EBITDA margin	11.1	11.4	12.2	9.5	12.8
Return on assets	14.4	12.7	12.7	7.4	12.3
Current ratio	194.4	191.9	205.6	235.4	207.4
Equity ratio	41.6	38.9	39.2	41.5	37.8
Return on equity	25.6	21.9	20.7	9.1	20.9
Net interest-bearing debt / EBITDA	1.2	1.5	1.3	1.6	1.7
Net interest-bearing debt excluding derivative financial instruments, DKK millions	184.3	186.3	154.9	125.9	187.5

Operating review

The Group's business review

Nissens develops, manufactures and markets quality cooling systems for the automotive spare parts business and customized thermal solutions for the wind industry as well as for a number of manufacturers of special vehicles.

Nissens strives to make a noticeable difference to our customers. Delivering the difference means that Nissens' products and services must be the optimal solution to the customer's need.

The activities are organized in two divisions, the Automotive division and the Cooling Solutions division. The company comprises 20 subsidiaries with activities within sales, production and distribution.

Financial review

Nissens is developing as a company and is generating growth as the result of the strategy initiated more than 5 years ago. The net revenue in the fiscal year 2015/16 amounts to DKK 1,380 million, which is an increase of DKK 286 million or 26 % compared to the last fiscal year. The net income for the year is DKK 93 million compared to a net income of DKK 68 million last year.

R&D is essential to secure future development and therefore Nissens spent significant ressources in R&D activities during the fiscal year 2015/16. This will drive a number of future product applications for future launch.

The employees are the main driver to secure the development and therefore recruitment of talent is prioritized. The average number of employees was 1,189 in the fiscal year 2015/16 compared to 939 in the fiscal year 2014/15. As a consequence of the increase the organization structure has changed.

The management regards the result of the year as satisfactory.

It was expected that the 2015/16 result would be realized at a higher level than 2014/15 due to acknowledgement of the fact that growth would be realized.

The balance sheet total amounts to DKK 960 million and the equity capital amounts to DKK 399 million, equal to a debt equity ratio of 41.6%.

Financial Results

Nissens increased the operating profit from DKK 101 to 130 million and secured an operating margin of 9.4%.

Cash flow from operating activities has been improved by DKK 36 million compared to last year and is thus back on track with the level in previous years. Inventory is still on a level where we recognize potential for future reduction.

Strategic Results

2015/16 was the second year in a 3-year strategy period. Focus is on 7 selected Must Win Battles (MWB). In general, Nissens is on track on the growth activities such as product introductions and focus on specific growth segments. The global production is now based on one site in China, 2 sites in Slovakia of which one is under establishment at the moment, and 3 sites in Denmark. The necessity for increase in capacity is driving a number of projects and thereby also cost increase.

Development in the Automotive Division

The Automotive division is specialized in the production and supply of products within engine cooling and climate solutions for the spare parts market. The product range covers more than 95% of the car fleet and includes 10,000 different items. Nissens has the widest product range in the market. The division is also recognized as an OES/OEM supplier.

The Automotive division realized an 18% increase in revenue compared to 2014/15 and strengthened the position as the leading aftermarket supplier in Europe and Russia within climate and engine cooling.

One of the most important Must Win Battles - strategic initiatives - in the Automotive division is the introduction of new product categories and it is clear that the main growth is driven from new categories, although radiators for personal vehicles also show growth. The ability to secure delivery performance is crucial for the automotive aftermarket, and again Nissens secured a delivery performance above 95% across the range.

Nissens performance was awarded due to the fact that the company was selected as supplier of the year within the buying group AD international and as the best logistical provider within the buying group Temot.

The Russian market was a challenge but stabilized in sales in 2015. In nearly all other markets Nissens experienced growth.

In general, Nissens expects growth in the Automotive division and invests in further development of the division.

Development in the Cooling Solutions Division

The Cooling Solutions division is specialized in the development and production of customized cooling solutions for a number of application areas. The division is divided into two business areas. One business area is focused on cooling solutions within special machinery such as construction equipment, mining machinery and agricultural machines. The other business area delivers cooling systems and modules to the wind industry.

A profound know-how, service and quality combined with an efficient development process make Nissens a highly appreciated partner when it comes to the development and supply of complete cooling solutions in our business areas.

The Cooling Solutions division experienced a revenue increase of 37% compared to 2014/15. The growth is related to the on/off road vehicle business and the wind and solar business. The growth is a result of long-term relationship with a number of industry leaders.

The main task and thereby a key MWB is to improve the earnings in the division and at the same time balance the capacity for future growth. Therefore Nissens has established an additional location in Slovakia (Svit) in 2016.

The factory in China developed positively in the past year and also delivered positive results.

In general, Nissens expects growth in the Cooling Solutions division and invests in further development of the supply chain to support the growth.

Knowledge resources

At Nissens, we wish that all employees are able to live up to the constantly changing demands relating to our working processes. As a result, we attach great importance to the training and education of our employees in order for each of them to be able at all times to deliver a good effort and a flawless product. The training takes place in both internal and external courses, and in this way we have gained a profound know-how of all the processes concerning processing of aluminum and development of applications within thermal solutions.

Special risks

Market risks: Customer and market related risks are assessed as limited, considering the large spread of both customers and markets.

Currency risks: The majority of Nissens' activities implies currency risks in connection with the purchase and sales of goods and services in foreign currencies. These currency risks are covered, when it is found appropriate. Decisions within currency are taken within the scope of the currency risk policy.

Credit risks: Nissens' activities imply a credit risk in connection with sales to customers in a number of countries throughout the world. We take measures to cover these outstanding debts in the best possible way - primarily by taking out credit insurances. Furthermore, we investigate the customers and do not extend credit before proven track record of payment.

Statutory CSR report

For Nissens the statutory CSR report consists of work environment and environmental impact.

Work environment

Nissens has a well performing work environment policy, which is the result of a close co-operation between management and employees. The aim is to ensure both an optimum working environment in the company and an unconditional compliance with current laws and regulations.

Impact on the external environment

All Nissens' products are designed and manufactured according to strict quality standards, which are verified in in-house testing and development facilities. Nissens is certified according to ISO/TS 16949 (a quality management standard targeted at sub-supplier production in the car industry). Nissens has been awarded with an environmental certificate, ISO 14001, as a token of our emphasis on an environmentally sound business operation.

Nissens is implementing a technology change securing significant energy reduction in the brazing process in the production and we will investigate further possibilities of environmental driven investments.

Code of conduct

To secure a global coherence, Nissens has a code of conduct securing standards for the business ethics, and we have not observed any issues regarding the fulfillment of these obligations in 2015/16 within the organization. Main elements in the code of conduct are legal compliance, non-discrimination, environmental protection and forced labor.

Account of the gender composition of management

Nissens has a policy for diversity and equality. The supervisory board is thus monitoring the gender and cultural combination in as well the supervisory board as in other management levels.

It is our aim that by 2017 minimum 20% of the supervisory board is represented by women compared to the current representation of 0%. The reason for not fulfilling the target in the financial year 2015/16 is due to the industry specific competences we are looking for. Nissens will evaluate the use of global headhunting within the automotive industry to secure the target by 2017.

It is our policy that regardless of gender, race, and religion, all employees must be treated equally, in order that everyone has equal opportunities for employment. We want to increase the representation of women in the group management team supporting the CEO, and we therefore strive to have at least one of each gender among the final candidates. The share of women in the management team supporting the CEO is 25%.

Post balance sheet events

After the balance sheet date, no events have occurred that may have influence on the assessment of the annual accounts.

Outlook

The order situation in both divisions is above last year. Nissens expects to improve revenue and net income in 2016/17 compared to 2015/16.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of K. Nissen International A/S for the financial year 1 May 2015 - 30 April 2016.

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

In our opinion, the consolidated financial statements and the parent Company financial statements give a true and fair view of the Group's and the Company's financial position at 30 April 2016 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 May 2015 - 30 April 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend the adoption of the annual report at the annual general meeting.

Horsens, 7 September 2016

Executive Board:

Mikkel Krogslund Andersen

Board of Directors:

Alan Nissen Chairman	Lars Bonderup Bjørn	Carsten Bjerg

To the shareholders of K. Nissen International A/S

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

We have audited the consolidated financial statements and the parent company financial statements of K. Nissen International A/S for the financial year 1 May 2015 - 30 April 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies for the group as well as the company, and a cash flow statement for the group. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Auditors' responsibility
Our responsibility is to express an opinion on the consolidated financial statements and the parent Company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements 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 consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including an assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of consolidated financial statements and parent company 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 consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 30 April 2016 and of the results of the Group's and the Company's operations, and the consolidated cash flow for the financial year 1 May 2015 - 30 April 2016 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 consolidated financial statements and the parent company financial statements.

Kolding, 7 September 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Brian Skovhus Jakobsen	Morten Østergaard Koch
state authorised public accountant	state authorised public accountant

Income statement for the period 1 May 2015 - 30 April 2016

Notes		Group		Parent company	
		2015/16 DKKt	2014/15 DKKt	2015/16 DKKt	2014/15 DKKt
	Revenue	1,380,073	1,094,351	0	0
	Cost of sales	-694,288	-527,573	0	0
	Other operating income	7,072	7,855	0	0
	Other external expenses	-223,639	-177,354	-238	-54
	Gross profit/loss	**469,218**	**397,279**	**-238**	**-54**
2	Staff costs	-316,271	-272,736	0	0
	Depreciation of property, plant and equipment	-22,785	-23,881	0	0
	Operating profit/loss	**130,162**	**100,662**	**-238**	**-54**
	Income from investments in group entities	0	0	94,905	69,074
	Income from investments in associates	0	0	0	154
	Financial income	655	514	0	0
3	Financial expenses	-9,997	-11,597	-1,518	-1,703
	Profit before tax	**120,820**	**89,579**	**93,149**	**67,471**
4	Tax for the year	-27,686	-21,547	-15	561
	Profit/loss for the year	**93,134**	**68,032**	**93,134**	**68,032**
	Recommended appropriation of the profit/loss for the year				
	Proposed dividend recognised under equity			25,000	25,000
	Net revaluation reserve according to the equity method			91,428	19,595
	Retained earnings			-23,294	23,437
				93,134	68,032

Notes		Group 2016 DKKt	Group 2015 DKKt	Parent company 2016 DKKt	Parent company 2015 DKKt
	Assets				
	Fixed assets				
	Acquired intangible assets	3,844	2,719	0	0
5	**Intangible assets**	**3,844**	**2,719**	**0**	**0**
	Land and buildings	142,369	146,930	0	0
	Plant and machinery	47,462	37,754	0	0
	Other fixtures and fittings, tools and equipment	4,489	4,210	0	0
	Property, plant and equipment in progress	5,827	10,172	0	0
6	**Property, plant and equipment**	**200,147**	**199,066**	**0**	**0**
7	Investments in group entities, net asset value	0	0	473,383	402,129
7	Investments in associates, net asset value	52	52	52	52
8	Other receivables	1,004	913	0	0
	Investments	**1,056**	**965**	**473,435**	**402,181**
	Total fixed assets	**205,047**	**202,750**	**473,435**	**402,181**
	Current assets				
	Raw materials and consumables	81,810	70,724	0	0
	Work in progress	87,839	58,493	0	0
	Manufactured goods and goods for resale	209,402	184,669	0	0
	Prepayments for goods	7,813	591	0	0
	Inventories	**386,864**	**314,477**	**0**	**0**
	to be carried forward	386,864	314,477		

Notes		Group		Parent company	
		2016 DKKt	2015 DKKt	2016 DKKt	2015 DKKt
	Assets - fortsat				
	brought forward	386,864	314,477	0	0
	Trade receivables	266,909	246,421	0	0
	Receivables from group entities	9	0	0	142
	Deferred tax assets	0	795	158	401
	Other receivables	35,628	29,095	0	0
	Prepayments	2,976	4,571	0	0
	Receivables	305,522	280,882	158	543
	Other securities and investments	2	2	0	0
	Securities and investments	2	2	0	0
	Cash	63,160	49,914	15	2
	Total current assets	755,548	645,275	173	545
	Total assets	960,595	848,025	473,608	402,726

Balance sheet at 30 April

Notes		Group		Parent company	
		2016 DKKt	2015 DKKt	2016 DKKt	2015 DKKt
	Equity and liabilities				
	Equity				
9	Share capital	700	700	700	700
	Net revaluation reserve according to the equity method	0	0	369,896	277,227
	Retained earnings/Accumulated loss	373,435	304,060	3,539	26,833
	Dividend proposed for the year	25,000	25,000	25,000	25,000
	Total equity	**399,135**	**329,760**	**399,135**	**329,760**
	Provisions				
	Provisions for deferred tax	3,107	0	0	0
	Other provisions	7,306	5,411	0	0
7	Provision, investments in group entities	0	0	3,659	3,676
	Total provisions	**10,413**	**5,411**	**3,659**	**3,676**
	Liabilities				
	Mortgage debt	162,352	176,649	0	0
10	**Long-term liabilities**	**162,352**	**176,649**	**0**	**0**
10	Current portion of long-term liabilities	10,673	5,728	0	0
	Bank debt	74,473	53,850	0	0
	Trade payables	145,854	136,943	0	0
	Payables to group entities	0	266	70,586	69,216
	Income taxes payable	22,152	10,899	158	0
	Deferred income	7,936	373	0	0
11	Other payables	127,607	128,146	70	74
	Short-term liabilities	**388,695**	**336,205**	**70,814**	**69,290**
	Total liabilities	**551,047**	**512,854**	**70,814**	**69,290**
	Total equity and liabilities	**960,595**	**848,025**	**473,608**	**402,726**

Statement of changes in equity

Group (DKKt)	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1/5 2015	700	304,060	25,000	329,760
Dividend distributed			-25,000	-25,000
Other value adjustments of equity	0	3,888	0	3,888
Exchange rate adjustment	0	-2,647	0	-2,647
Profit/loss for the year, cf. appropriation of profit/loss		68,134	25,000	93,134
Equity at 30/4 2016	700	373,435	25,000	399,135

Parent company(DKKt)	Share capital	Reserve for net revaluation acc. to the equity' method	Retained earnings/accu-mulated loss	Dividend proposed for the year	Total
Equity at 1/5 2015	700	277,227	26,833	25,000	329,760
Dividend distributed				-25,000	-25,000
Other value adjustments of equity	0	3,888	0	0	3,888
Exchange rate adjustment	0	-2,647	0	0	-2,647
Profit/loss for the year, cf. appropriation of profit/loss		91,428	-23,294	25,000	93,134
Equity at 30/4 2016	700	369,896	3,539	25,000	399,135

Cash flow statement for the period 1 May 2015 - 30 April 2016

Notes		Group 2015/16 DKKt	Group 2014/15 DKKt
	Profit/loss for the year	93,134	68,032
16	Adjustments	57,328	55,417
17	Change in working capital	-75,632	-75,181
	Cash flows from operating activities before net financials	**74,830**	**48,268**
	Interest received, etc.	655	514
	Interest paid, etc.	-9,997	-11,597
	Income taxes paid	-13,173	-21,310
	Cash flows from operating activities	**52,315**	**15,875**
	Additions of intangible assets	-1,740	-2,190
	Additions of property, plant and equipment	-23,950	-25,731
	Disposals of property, plant and equipment	5	2,342
	Purchase of financial assets	-90	-216
	Sale of financial assets	0	3,887
	Additions of businesses and activities	0	-6,241
	Other cash flows from investing activities	0	1,278
	Cash flows from investing activities	**-25,775**	**-26,871**
	Dividends distributed	-25,000	-20,000
	Repayments, long-term liabilities	-9,352	-7,858
	Sale of treasury shares	0	1,844
	Other cash flows from financing activities	435	2,030
	Cash flows from financing activities	**-33,917**	**-23,984**
	Net cash flow	**-7,377**	**-34,980**
	Cash and cash equivalents		
	Cash and cash equivalents at 1/5	-3,936	31,045
	Net cash flow	-7,377	-34,980
18	**Cash and cash equivalents at 30/4**	**-11,313**	**-3,935**

1. Accounting policies

The annual report of K. Nissen International A/S has been presented in accordance with the provisions of the Danish Financial Statements Act as regards large reporting class C enterprises.

The accounting policies applied by the company are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner.

Consolidation

The consolidated financial statements comprise K. Nissen International A/S (the parent company) and enterprises (subsidiaries) in which the parent - directly or indirectly - holds more than 50% of the voting rights or otherwise has a controlling interest. Enterprises in which the parent - directly or indirectly - holds between 20% and 50% of the voting rights or otherwise exercises significant influence are considered associates.

Associates are recognised in the consolidated financial statements at their net asset value.

The financial statements of the group enterprises are prepared in accordance with the accounting policies applied by the parent. The consolidated financial statements are prepared on the basis of the financial statements of the parent and the group enterprises by aggregating items of a similar nature.

Intra-group income, expenses, losses, profits and balances are eliminated.

Investments in group enterprises are eliminated with the proportionate share of the net asset value of the group enterprise concerned.

Minority interests

Non-controlling interests in group enterprises' results of operations and equity are shown separately in the consolidated financial statements.

Currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Foreign group entities

As regards integral foreign operations, the items in their financial statements are translated using the following principles:

- Balance sheet items are translated at the closing rate.
- Items in the income statement are translated at the rate at the date of the transaction.
- Any exchange differences resulting from the translation of the opening equity at the closing rate and the exchange adjustment of the items in the income statement from the rate at the date of the transaction to the closing rate are taken directly to equity.

1. Accounting policies - continued

Income statement

Revenue

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Depreciation of property, plant and equipment

The item comprises depreciation of property, plant and equipment.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful life of each individual asset. The depreciation basis is the cost.

The expected useful lives of the assets are as follows:

	Useful life (year)
Buildings	20-25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	2-5 years

Income from investments in group entities and associates

The item includes the entity's proportionate share of the profit/loss for the year in subsidiaries and associates after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, financing costs from facotring agreements, dividends declared, realised and unrealised capital and exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

1. Accounting policies - continued

Balance sheet

Intangible assets

Intangible assets comprise software licences and other acquired rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, leasehold improvements, production equipment, machinery and other fixtures, fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and write-downs.

The cost of self-constructed non-current assets includes the cost of direct materials and labour, etc. directly used in the production process and a portion of the relating production overheads.

Investments in group entities and associates

Investments in subsidiaries and associates are measured, using the equity method, at the parent's proportionate share of such entities' equity plus goodwill on consolidation and intra-group losses and less intra-group gains and negative goodwill, if any. Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognised under 'Provisions' in so far as the parent has a legal or constructive obligation to cover the deficit.

Impairment of fixed assets

Every year, intangible assets and property, plant and equipment as well as investments in subsidiaries and associates are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Work in progress and finished goods are measured at manufacturing cost, which includes the cost of raw materials, consumables and direct payroll costs plus production overheads.

Production overheads comprise the indirect cost of material and labour as well as maintenance and amortisation/ depreciation of intangible assets and property, plant and equipment used in the production process.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Receivables sold as part of factoring agreements are derecognized from the balance sheet if and when all significant rewards and risks have been transferred to the factoring partner.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

1. Accounting policies - continued

Provisions

Provisions comprise expected expenses relating to guarantee commitments, restructurings, etc. Provisions are recognised when the company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions expected to be settled after more than one year after the balance sheet date are measured at the net present value of the expected payments. Other provisions are measured at net realisable value.

Corporation tax

Current tax payables are recognised in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Segment information

The breakdown of revenue in business segments and geographical segments is, pursuant to section 96(1) of the Danish Financial Statements Act, not stated, as information about this may cause material damage to the company.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios 'Recommendations and Financial Ratios 2015', cf. below:

Definition of financial ratios:

Gross margin:
Gross margin / Revenue * 100

EBIT margin:
Profit/loss from ordinary operating activites / Revenue * 100

EBITDA margin:
EBITDA / Revenue * 100

Return on assets:
Profit/loss from ordinary operating activites / Average assets * 100

Current ratio:
Current assets / Current liabilities * 100

Equity ratio:
Closing equity / Equity & liabilities at year-end * 100

Return on equity:
Profit/loss for the year / Average equity * 100

	Group		Parent company	
	2015/16 DKKt	2014/15 DKKt	2015/16 DKKt	2014/15 DKKt
2. Staff costs				
Analysis of staff costs:				
Wages/salaries	271,438	237,471	0	0
Pensions	27,933	21,330	0	0
Other social security costs	16,900	13,935	0	0
	316,271	272,736	0	0
	Number	Number	Number	Number
Average number of employees	1,189	939	0	0

Group

Total remuneration to executive board and board of directors: DKK 4.513 (2014/15: DKK 4.324)

	Group		Parent company	
	2015/16 DKKt	2014/15 DKKt	2015/16 DKKt	2014/15 DKKt
3. Financial expenses				
Interest expenses, group entities	0	0	1,251	1,629
Other financial expenses	9,997	11,597	267	74
	9,997	11,597	1,518	1,703

4. Tax for the year

	Group		Parent company	
	2015/16 DKKt	2014/15 DKKt	2015/16 DKKt	2014/15 DKKt
Estimated tax charge for the year	31,246	21,737	-228	0
Deferred tax adjustments in the year	-3,560	-371	243	-382
Tax adjustments, prior years	0	181	0	-179
	27,686	21,547	15	-561

5. Intangible assets

Group (DKKt)	Acquired intangible assets
Cost	
Balance at 1/5 2015	7,974
Exchange adjustment	-29
Additions in the year	2,958
Cost at 30/4 2016	10,903
Amortisation and impairment losses	
Balance at 1/5 2015	5,255
Exchange adjustment	-22
Amortisation in the year	1,826
Amortisation and impairment losses at 30/4 2016	7,059
Carrying amount at 30/4 2016	3,844

6. Property, plant and equipment

Group (DKKt)	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost					
Balance at 1/5 2015	286,634	291,738	35,021	10,172	623,565
Exchange adjustment	-383	-1,081	-135	-22	-1,621
Additions in the year	661	14,319	1,902	5,851	22,733
Disposals in the year	0	-851	-852	0	-1,703
Transfer from other accounts	5,530	4,644	0	-10,174	0
Cost at 30/4 2016	292,442	308,769	35,936	5,827	642,974
Depreciation and impairment losses					
Balance at 1/5 2015	139,704	253,988	30,811		424,503
Exchange adjustment	-112	-711	-113		-936
Depreciation in the year	10,481	8,876	1,601		20,958
Depreciation and impairment losses, disposals	0	-846	-852		-1,698
Depreciation and impairment losses at 30/4 2016	150,073	261,307	31,447		442,827
Carrying amount at 30/4 2016	142,369	47,462	4,489	5,827	200,147

7. Investments in group entities and associates

Group (DKKt)	Investments in associates
Cost	
Balance at 1/5 2015	18
Transfer from other accounts	0
Cost at 30/4 2016	18
Revaluations	
Balance at 1/5 2015	34
Exchange adjustment	0
Share of the profit/loss for the year	0
Dividend distributed	0
Equity adjustments, investments	0
Other adjustments, investments	0
Revaluations at 30/4 2016	34
Balance at 1/5 2015	0
Investments with a negative net asset value transferred to provisions	0
Carrying amount at 30/4 2016	52

Parent company (DKKt)	Investments in group entities	Investments in associates
Cost		
Balance at 1/5 2015	68,583	18
Transfer from other accounts	6,245	0
Cost at 30/4 2016	74,828	18
Revaluations		
Balance at 1/5 2015	329,870	34
Exchange adjustment	-2,522	0
Share of the profit/loss for the year	94,905	0
Dividend distributed	-25,000	0
Equity adjustments, investments	3,888	0
Other adjustments, investments	-6,245	0
Revaluations at 30/4 2016	394,896	34
Impairment losses		
Balance at 1/5 2015	-3,676	0
Investments with a negative net asset value transferred to provisions	17	0
Impairment losses at 30/4 2016	-3,659	0
Carrying amount at 30/4 2016	473,383	52

	Legal form	Domicile	Interest (%)	Equity DKKt
Subsidiaries				
Nissens	A/S	Horsens, Denmark	100.00	100
EURL Nissen France		France	100.00	100
Radiadores Nissen	S.A.	Spain	100.00	100
Nissens Sverige	AB	Sweden	100.00	100
Nissens Schweiz	AG	Switzerland	100.00	100
Nissens Portugal	LDA	Portugal	100.00	100
Chlodnice Nissens Polska	Sp.zo.o.	Poland	100.00	100
Nissens Belgium	S.A.	Belgium	100.00	100
Nissens Hungària Jàrmühütö	Kft.	Hungary	100.00	100
Nissens Italia	S.R.L	Italy	100.00	100
Nissens Finland	OY	Finland	100.00	100
STROBL Kühler Handelsges.	G.M.B.H	Austria	100.00	100
Nissens North America	Inc	USA	100.00	100
Nissens UK	Ltd	England	100.00	100
Nissens Slovakia	S.R.O	Slovakia	100.00	100
Nissens Auto Parts Trading Co	Ltd.	Shanghai	100.00	100
Nissens Ukraine	Ltd.	Ukraine	100.00	100
Nissens Cooling Solutions	Inc	USA	95.00	95
Nissens Cooling System (Tianjin) Co.	Ltd.	China	100.00	70
Nissens Deutschland	GmbH	Germany	100.00	0
	mbH	Germany	100.00	186
Associates				
Nissens Japan		Japan	20.00	50

8. Investments - Receivables

Group (DKKt)	Other receivables
Cost	
Balance at 1/5 2015	913
Additions in the year	91
Transfer from other accounts	1,004
Carrying amount at 30/4 2016	1,004

9. Share capital

	Parent company	
	30/4 2016 DKKt	30/4 2015 DKKt
Analysis of the parent's share capital, DKK 700 thousand:		
70,000 class Ashare(s) of DKK 1.00 each	70	700
630,000 class Bshare(s) of DKK 1.00 each	630	0
	700	700

The parent's share capital has remained DKK 700 thousand over the past 5 years.

10. Long-term liabilities

Group

Analysis of long-term liabilities:

	Falling due between 1 and 5 years DKKt	Falling due after more than 5 years DKKt	Total long-term liabilities at 30/4 2016 DKKt	Current portion of long-term liabilities DKKt
Mortgage debt	42,963	119,389	162,352	10,673
	42,963	119,389	162,352	10,673

	Group		Parent company	
	30/4 2016 DKKt	30/4 2015 DKKt	30/4 2016 DKKt	30/4 2015 DKKt
11. Other payables				
Derivative financial instruments	46,375	51,360	0	0
Other accrued expenses	81,232	76,786	70	74
	127,607	128,146	70	74

The Group has entered into an interest swap regarding adjustable interest-bearing mortgage debt of nom. DKK 100,000 thousand at fixed interest rate. The unrealized loss of the year including the tax effect is taken to equity.

12. Security for loans

Group

Land and buildings and cash have been pledged as security for mortgage debt DKK 169,300 thousand and related interest swap agreement DKK 46,375 thousand. Land and buildings and cash have a total carrying amount of DKK 85,724 thousand.

Parent company

K. Nissen International A/S has provided an unlimited guarantee for Nissens A/S debt to credit institutions.

	Group		Parent company	
	30/4 2016 DKKt	30/4 2015 DKKt	30/4 2016 DKKt	30/4 2015 DKKt
13. Contingent liabilities and other financial obligations				
Other financial obligations				
Other rent and lease liabilities:				
Rent and lease liabilities	9,003	7,804	0	0

Group

Rent liabililties and payments under operating leases concerning cars, gas plant and computer equipment.

The remaining terms are 0 - 4 years.

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes from the income year 2013 and withholding taxes falling due for payment on or after 1 July 2012 in the group of jointly taxed entities.

14. Related parties

Parent company

Information about related parties with a controlling interest:

Related party	Domicile	Basis for control
Advanced Cooling A/S	Horsens	Participating interest
ANTB Holding ApS	Horsens	Participating interest

Information about consolidated financial statements:

Parent company	Domicile	Requisitioning of the parent company's consolidated financial statements
ANTB Holding ApS	Horsens	Erhvervsstyrelsen

	Group		Parent company	
	30/4 2016 DKKt	30/4 2015 DKKt	30/4 2016 DKKt	30/4 2015 DKKt
15. Fee to the auditors appointed by the company in general meeting				
Fee for the statutory audit of the financial statements	633	573	22	36
Fee for other assurance engagements	34	68	22	0
Fee for tax consultancy	215	51	0	16
Fee for other services	312	144	0	0
	1,194	836	44	52

	Group 2015/16 DKKt	Group 2014/15 DKKt
16. Adjustments - Cash flow statement		
Amortisation/depreciation and impairment losses	22,785	23,881
Gain/loss on the sale of fixed assets	49	-1,807
Provisions	1,895	973
Income from investments in group entities	0	-23
Financial income	-655	-514
Financial expenses	9,997	11,597
Tax for the year	23,257	21,310
	57,328	55,417

	Group 2015/16 DKKt	Group 2014/15 DKKt
17. Changes in working capital, cash flow statement		
Changes in inventories	-65,785	-19,003
Changes in receivables	-7,868	-69,623
Changes in trade payables, etc.	-1,979	13,445
	-75,632	-75,181

	Group 2015/16 DKKt	Group 2014/15 DKKt
18. Cash and cash equivalents, cash flow statement		
Cash and cash equivalents according to the balance sheet	63,160	49,914
Short-term debt to banks	-74,473	-53,850
	-11,313	-3,936