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Union Engineering a/s
Central Business Registration No 13827540

Annual report 2014

The Annual General Meeting adopted the annual report on 05.03.2015

Chairman of the General Meeting

Name: Heidi Thousgaard Jørgensen

Contents

Entity details

Company

Union Engineering a/s
Snaremosevej 27
7000 Fredericia

Central Business Registration No: 13827540
Registered in: Fredericia, Denmark
Financial year: 01.01.2014 - 31.12.2014

Phone: +4576207700
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Internet: www.union.dk
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Board of Directors

Jens Thøger Hansen, Chairman
Claus Holm-Søberg
Jens Dalsgaard Løgstrup
Per Rud Jørgensen
Carsten Riisberg Lund

Executive Board

Kim Christian Dalum, Chief Executive Officer
Michael Mortensen, Chief Commercial Officer
Heidi Thousgaard Jørgensen, Chief Financial Officer

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab
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6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Union Engineering a/s for the financial year 01.01.2014 - 31.12.2014.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2014 and of the results of its operations and cash flows for the financial year 01.01.2014 - 31.12.2014.

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.

Fredericia, 05.03.2015

Executive Board

Kim Christian Dalum Chief Executive Officer	Michael Mortensen Chief Commercial Officer	Heidi Thousgaard Jørgensen Chief Financial Officer

Board of Directors

Jens Thøger Hansen Chairman	Claus Holm-Søberg	Jens Dalsgaard Løgstrup
Per Rud Jørgensen	Carsten Riisberg Lund	

Independent auditor's reports

To the owners of Union Engineering a/s
Report on the financial statements

We have audited the consolidated financial statements and parent financial statements of Union Engineering a/s for the financial year 01.01.2014 - 31.12.2014, 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 31.12.2014, and of the results of their operations and the Group’s cash flows for the financial year 01.01.2014 - 31.12.2014 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

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

Independent auditor's reports

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.

Kolding, 05.03.2015

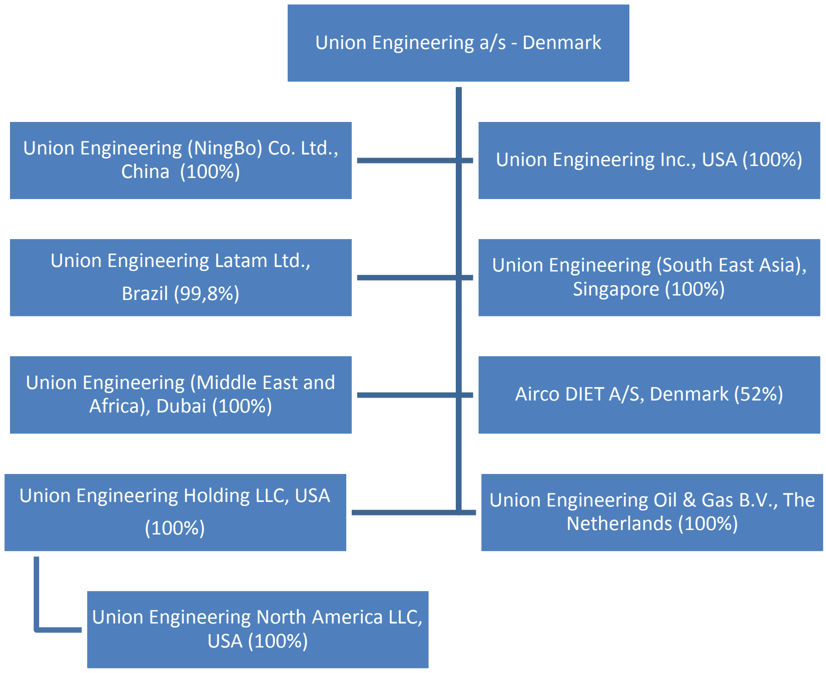
Deloitte
Statsautoriseret Revisionspartnerselskab

Jesper Brønd-Jensen
State Authorised Public Accountant

Management commentary

	2014 DKK'000	2013 DKK'000	2012 DKK'000	2011 DKK'000	2010 DKK'000
Financial highlights					
Key figures					
Revenue	591,954	678,689	517,563	431,836	503,340
Gross profit/loss	146,793	188,278	131,465	128,305	132,899
Profit/loss from ordinary activities	28,428	71,884	35,818	34,706	43,827
Operating profit/loss	26,764	70,213	34,369	17,475	42,854
Net financials	58	(1,730)	(971)	(2,581)	(1,182)
Profit/loss for the year	18,354	32,245	15,408	4,050	26,141
Total assets	457,006	506,786	425,726	392,774	385,780
Investments in property, plant and equipment	6,126	6,359	3,784	12,324	6,670
Equity	69,124	78,086	62,532	63,434	71,135
Interest bearing debt, net	(35,490)	(47,389)	(58,977)	(25,955)	(12,489)
Ratios					
Gross margin (%)	24.8	27.7	25.4	29.7	26.4
Financial gearing (%)	(0.5)	(0.6)	(0.9)	(0.4)	(0.2)
Return on equity (%)	24.9	45.9	24.5	6.0	39.8

Management commentary



In general

The ultimate majority shareholder is the venture capital fund Capidea – subsequently, Management's Review has been made according to the DVCA' guidelines. DVCA is short for Danish Venture Capital and Private Equity Association. For further information on these DVCA guidelines, please see www.dvca.dk.

Management commentary

Primary activities

The primary activities of Company are sales, projecting, production and installation of customized CO_2-plants on a global basis.

Focus areas of the Group relate either to technology for CO_2-recovery from various kinds of sources or technology for CO_2-application in different connections. The present focus areas of the Group include:

- CO_2-recovery plants for breweries and distilleries
- CO_2-production plants for soft drinks industry
- CO_2-plants for industrial gases industry
- CO_2-plants for desalination industry
- CO_2-plants for oil & gas industry
- DIET-plants for tobacco industry
- After Sales Services

The activities are carried out through the Parent Company as well as through the subsidiaries in China, Brazil, the US, Dubai and Singapore. The activities within the tobacco industry are mainly carried out through the Danish subsidiary Airco Diet A/S.

Development in activities and finances

The consolidated revenue amounted to DKK 592 m (DKK 679 m). The profit for the year before tax amounted to DKK 26.8 m (DKK 68.5 m), whereas the profit for the year after tax amounted to DKK 18.4 m (DKK 32.2 m).

Both revenue and profit for the year are below expectations.

Unusual circumstances affecting recognition and measurement

Profit for the year is not affected by unusual circumstances.

Outlook

For 2015 a positive development in both revenue and performance is estimated.

Particular risks

Operating risks

The most considerable operating risk of the Group is connected to the achievement of the estimated revenue as well as managing the project from sales to commissioning. As CO_2–plants are sold as investment goods, there have been periodical fluctuations in demand. This risk is being defeated by consciously aiming at low fixed capacity costs in order to ensure permanent achievable breakeven sales. Focus on marketing and sales of CO_2–

Management commentary

plants combined with standardization, product improvement and product development ensures the continued position of the Group as world leading supplier of CO_2–plants.

Financial risks, including foreign exchange exposure

Due to its global activities, the Group is exposed to exchange rate fluctuations in particular. Inconstant state of exchange may create some uncertainty for the Group's market potential and earnings.

The currency exposure of the Group is mainly identified by matching in- and outgoing payments in the same currency as well as using foreign exchange contracts. During 2014 the Group has avoided significant losses on exchange due to consistent by securing contractual amounts made in other currencies than DKK and EUR.

The Parent Company controls the financial risks of the Group centrally and coordinates the cash management of the Group, including capital production and placement of cash surplus. The Group complies with a financial policy approved by the Board of Directors – operating with a low risk profile with the result that currency, interest and credit risks occur based on commercial conditions only.

The share capital of Union Engineering a/s is not divided into share classes. On a regular basis, Management evaluates whether the Group has an adequate capital structure. As per 31 December 2014 the net interest bearing debt of the Group is ÷ DKK 35 m in total (deposit) (÷ DKK 47 m), which is considered a satisfactory level. No adjustments have been made neither in the guidelines of the Group nor in the procedures of handling and administrating liquidity during 2014.

Credit risks

The policy of the Group regarding acceptance of credit risks involves current credit evaluation of major customers and other partners. Depending on the nature of the project sold as well as homeland of the customer, the outstanding debt of the client is being ensured through letters of credit, credit insurance companies, appropriate prepayments or sufficient credit rating.

Cash flow

As sales take place through major project plant orders, individual projects may affect the cash generation of the period in question both positively and negatively.

Intellectual capital resources

The Group wants to further consolidate its position as the world's leading supplier of CO_2–plants. In this connection the intellectual capital resources of the Company are of decisive importance. The organization is divided according to individual focus areas and subsequently ensures the utmost utilization of knowledge in connection with sales and projecting of CO_2–plants to each client individually. The Group has set up a central knowledge centre to ensure always to have a lead within the new knowledge of and technology within the CO_2–area. The Group pursues an active staff policy in order to secure and retain qualified employees.

Management commentary

Research and development activities

The development and optimisation of the CO_2–plants has continued during 2014. The Group wants to be world-leading within every focus area on the world market. This is ensured by optimizing the various kinds of plants in order to meet the needs of each individual client. The Group maintains focus on improving existing technologies as well as development on new technologies in general and applying for protection of these as intellectual property rights to the greatest extent possible.

Corporate social responsibility

Corporate social responsibility policies

Since its foundation in 1933 the Group has aimed to develop the best and most efficient CO_2–plants. It is a common goal for the Company to continuously create better and more efficient solutions.

In 2011 it was decided to work on the corporate social responsibility systematically. Based on the social challenges that the Company can affect as well as on client input, the following focus areas have been selected:

- Safety on project sites
- Efficient utilization of water resources on the plants

The Company aims to contribute to reducing the water consumption in creating the best CO_2–plants for the industry as well as the best possible basis for a decision as regards water consumption for our clients and other interested parties. The Company aims to create the best work environment in the industry as regards safety on project site. The Company expects that the future outcome of working with social responsibility will reduce water consumption and improve the safety on project sites.

During 2012 policies on safety on project sites were prepared and cooperation with international partners in this area was established. Beyond the work environment committee of the Company, a subcommittee as regards safety on project sites has been established.
The initiated activities have been effective, and the Company has not experienced any incidents on project sites during 2014. In 2012 we had two (2) First Aid Incidents (FAI), whereas we had one (1) FAI in 2013. The work of improving safety will continue during 2015.

The first plant with the new patented technology which ensures considerable reduced water consumption by CO_2-capture on breweries was installed in 2012. In 2014 another two plants were installed and another plant was sold. Total water saving from these plants compared to traditional plants constitutes 32,000 m3 on a yearly basis. The development and dissemination of this new type of plant that has been well received in the market will continue during 2015.

Management commentary

The Company has no written policies in relation to respecting human rights and to reduce the climate impact from the activity of the business.

Target for the underrepresented gender in the Board of Directors and a policy to increase the share of the underrepresented gender in the other layers of Management can be found at the Company's website at www.union.dk.

Corporate governance

The Board of Directors and the Executive Board of Union Engineering a/s are constantly striving to ensure that the Group's Management structure and control systems are appropriate and operate satisfactorily. Management is constantly evaluating whether this is the case.

Management's organisation of its tasks is, among other things, based on the Danish Public Companies Act, the Danish Financial Statements Act, the Company's Articles of Association as well as good practice for enterprises of the same size and with the same International reach as Union Engineering a/s. Being an enterprise owned by a private equity fund, the Company complies with the guidelines for responsible ownership and good corporate governance. Based on this, a number of internal procedures have been developed and are being maintained to ensure an active, secure and profitable management of the Group.

Shareholder information

The Board of Directors are continuously assessing whether the Company's capital structure complies with the interests of the Company and its shareholders. The overall objective is to ensure a capital structure which supports a long-term profitable growth. The Company's Articles of Association contain no restrictions on ownership or voting rights. If an offer is made to acquire the company's shares, the Board of Directors will consider it in accordance with the legislation.

The Company's share capital is not divided into classes.

Union Engineering a/s is owned by Union Engineering Holding a/s. Principal shareholder of the Company is Capidea Kapital K/S.

Work of the Board of Directors

The Board of Directors of the Parent Company Union Engineering a/s and its subsidiaries ensure that the Executive Boards comply with the objectives, strategies and business processes determined by the Board of Directors. Briefings from the Executive Boards of the companies in question are provided systematically at meetings as well as in current written and oral reporting. This reporting includes, among other things, the development in the external environment, the enterprise's development and profitability as well as its financial situation.

Management commentary

The Board of Directors of Union Engineering a/s convenes according to a fixed meeting schedule at least four times a year. An annual strategy seminar is normally held where the Company's objective and strategy is determined. During the period between the annual general meetings, the Board of Directors are currently informed in writing about the results and financial position of the Company and the Group, and extraordinary meetings are convened, if necessary. In 2014, the Board of Directors held four meetings, of which one was a strategy seminar.

The Board of Directors can set up committees in relation to special assignments, but so far not felt induced to set up permanent groups or committees.

Remuneration to management

To attract and retain Management competences in the Group, the remuneration of the members of the Executive Board and Management employees is determined based on job assignments, value creation and conditions in comparable enterprises. The remuneration includes incentive programmes which are intended to help ensuring a coherence of interests between Management and the shareholders of the Company, as the programmes both take short and long-term objectives into account.

Remuneration to the Executive Board and the Supervisory Board is mentioned in a note in the Annual Report.

Dividend policy

Payment of dividend must be carried out in consideration of capital structures and strategy of the Group.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this Annual Report.

Accounting policies

Reporting class

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

The accounting policies applied for this 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 Union Engineering a/s (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. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

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.

Accounting policies

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered as belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

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.

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 from the sale of services is recognised in the income statement when delivery is made 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 Group'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 property, plant and equipment attached to the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Group'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 property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Group's primary activities.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Group's primary activities.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

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

Accounting policies

Income taxes

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

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

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

The period of amortisation for the amortised goodwill is between 10 and 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

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.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is three to five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights, but over no more than 20 years. Development projects are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Plant and machinery, other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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 company-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.

Interest expenses are not included in cost.

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:

Plant and machinery	15 years
Other fixtures and fittings, tools and equipment	3-6 years
Leasehold improvements	3-6 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.

Accounting policies

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.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally 5 years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

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

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.

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

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.

Accounting policies

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.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Minority interests
Minority interests consist of non-controlling interests share of equity in subsidiaries not 100% owned by the parent company.

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.

Deferred tax relating to re-taxation of previously deducted losses of foreign subsidiaries is recognised based on a specific assessment of the purpose of the individual subsidiary.

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.

Accounting policies

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

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.

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.

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.

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 less short-term bank debt.

Accounting policies

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Ratios reflect**
Gross margin (%)	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$	The Entity's operating gearing.
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$	The Entity's financial gearing..
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.

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 2014

	Notes	2014 DKK'000	2013 DKK'000
Revenue	1	591,954	678,689
Production costs	3, 4	(445,161)	(490,411)
Gross profit/loss		**146,793**	**188,278**
Distribution costs	3	(39,962)	(37,881)
Administrative costs	2, 3, 4	(78,403)	(78,513)
Other operating income		606	610
Other operating expenses		(2,270)	(2,281)
Operating profit/loss		**26,764**	**70,213**
Other financial income	5	2,836	1,798
Other financial expenses	6	(2,778)	(3,528)
Profit/loss from ordinary activities before tax		**26,822**	**68,483**
Tax on profit/loss from ordinary activities	7	(7,638)	(19,391)
Consolidated profit/loss		**19,184**	**49,092**
Minority interests’ share of profit/loss		(830)	(16,847)
Profit/loss for the year		**18,354**	**32,245**
Proposed distribution of profit/loss			
Dividend for the financial year		12,000	29,500
Retained earnings		6,354	2,745
		18,354	**32,245**

Consolidated balance sheet at 31.12.2014

	Notes	2014 DKK'000	2013 DKK'000
Completed development projects		8,077	3,627
Acquired patents		10,276	8,713
Goodwill		42,693	42,195
Intangible assets	8	**61,046**	**54,535**
Plant and machinery		962	850
Other fixtures and fittings, tools and equipment		13,503	15,063
Leasehold improvements		4,242	3,710
Property, plant and equipment	9	**18,707**	**19,623**
Deposits		2,950	2,924
Fixed asset investments	10	**2,950**	**2,924**
Fixed assets		**82,703**	**77,082**
Work in progress		0	1,143
Manufactured goods and goods for resale		56,383	54,849
Prepayments for goods		6,575	14,544
Inventories		**62,958**	**70,536**
Trade receivables		92,024	87,053
Contract work in progress	12	159,848	168,270
Receivables from group enterprises		520	0
Other short-term receivables		5,031	9,212
Income tax receivable		1,399	875
Prepayments	13	5,599	4,841
Receivables		**264,421**	**270,251**
Cash		**46,924**	**88,917**
Current assets		**374,303**	**429,704**
Assets		**457,006**	**506,786**

Consolidated balance sheet at 31.12.2014

	Notes	2014 DKK'000	2013 DKK'000
Contributed capital		10,000	10,000
Retained earnings		47,124	38,586
Proposed dividend		12,000	29,500
Equity		**69,124**	**78,086**
Minority interests	14	**13,206**	**26,775**
Provisions for deferred tax	15	12,639	19,549
Other provisions	16	10,764	9,418
Provisions		**23,403**	**28,967**
Finance lease liabilities		210	2,440
Non-current liabilities other than provisions	17	**210**	**2,440**
Current portion of long-term liabilities other than provisions	17	2,185	2,479
Bank loans		8,263	36,800
Contract work in progress		67,462	34,926
Trade payables		252,896	270,930
Debt to group enterprises		0	682
Income tax payable		2,250	684
Other payables		18,007	24,017
Current liabilities other than provisions		**351,063**	**370,518**
Liabilities other than provisions		**351,273**	**372,958**
Equity and liabilities		**457,006**	**506,786**
Subsidiaries	11		
Arrangements not recognised in balance sheet	19		
Unrecognised rental and lease commitments	20		
Contingent liabilities	21		
Mortgages and securities	22		
Consolidation	23		

Consolidated statement of changes in equity for 2014

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	10,000	38,586	29,500	78,086
Ordinary dividend paid	0	0	(29,500)	(29,500)
Exchange rate adjustments	0	3,146	0	3,146
Fair value adjustments of hedging instruments	0	(996)	0	(996)
Other adjustments	0	34	0	34
Profit/loss for the year	0	6,354	12,000	18,354
Equity end of year	**10,000**	**47,124**	**12,000**	**69,124**

Consolidated cash flow statement for 2014

	Notes	2014 DKK'000	2013 DKK'000
Operating profit/loss		26,764	70,213
Amortisation, depreciation and impairment losses		12,540	11,888
Other provisions		1,346	785
Working capital changes	18	19,810	(1,750)
Cash flow from ordinary operating activities		**60,460**	**81,136**
Financial income received		2,836	5,240
Financial income paid		(2,778)	(3,591)
Income taxes refunded/(paid)		(13,197)	(24,633)
Cash flows from operating activities		**47,321**	**58,152**
Acquisition etc of intangible assets		(8,229)	(4,874)
Acquisition etc of property, plant and equipment		(6,126)	(6,152)
Sale of property, plant and equipment		27	364
Acquisition of fixed asset investments		(72)	(79)
Sale of fixed asset investments		46	0
Acquisition of enterprises		0	(39,805)
Cash flows from investing activities		**(14,354)**	**(50,546)**
Reduction of lease commitments		(2,524)	(3,788)
Dividend paid		(43,899)	(23,100)
Cash flows from financing activities		**(46,423)**	**(26,888)**
Increase/decrease in cash and cash equivalents		**(13,456)**	**(19,282)**
Cash and cash equivalents beginning of year		52,117	71,399
Cash and cash equivalents end of year		**38,661**	**52,117**
Cash and cash equivalents at year-end are composed of:			
Cash		46,924	88,917
Short-term debt to banks		(8,263)	(36,800)
Cash and cash equivalents end of year		**38,661**	**52,117**

Notes to consolidated financial statements

1. Revenue

	2014 DKK'000	2013 DKK'000
Denmark	99	871
Other countries	591,855	677,818
	591,954	**678,689**

For competitive reasons the Group does not wish to disclose how revenue is distributed on activities, cf. Sec. 96(1) of the Danish Financial Statements Act.

The Group's markets are characterised by strong competition and few players and disclosure of such above information may have financial effects on the Group and thereby be damaging for the Group.

2. Fees to the auditor appointed by the Annual General Meeting

	2014 DKK'000	2013 DKK'000
Statutory audit services	642	334
Tax services	54	128
Other services	162	151
	858	**613**

3. Staff costs

	2014 DKK'000	2013 DKK'000
Wages and salaries	128,073	119,411
Pension costs	7,183	5,978
Other social security costs	3,952	4,129
	139,208	**129,518**
Average number of employees	**246**	**243**

	Remune-ration of manage-ment 2014 DKK'000	Remune-ration of manage-ment 2013 DKK'000
Total amount for management categories	2,611	2,734
	2,611	**2,734**

Notes to consolidated financial statements

4. Depreciation, amortisation and impairment losses

	2014 DKK'000	2013 DKK'000
Amortisation of intangible assets	6,146	5,518
Impairment losses relating to intangible assets	(584)	0
Depreciation on property, plant and equipment	6,978	6,359
	12,540	**11,877**

5. Other financial income

	2014 DKK'000	2013 DKK'000
Exchange rate adjustments	269	763
Other financial income	2,567	1,035
	2,836	**1,798**

6. Other financial expenses

	2014 DKK'000	2013 DKK'000
Exchange rate adjustments	631	2,281
Other financial expenses	2,147	1,247
	2,778	**3,528**

7. Tax on ordinary profit/loss for the year

	2014 DKK'000	2013 DKK'000
Tax on current year taxable income	14,411	23,998
Change in deferred tax for the year	(6,482)	(4,607)
Adjustment concerning previous years	(172)	0
Effect of changed tax rates	(119)	0
	7,638	**19,391**

Notes to consolidated financial statements

8. Intangible assets

	Completed development projects DKK'000	Acquired patents DKK'000	Goodwill DKK'000
Cost beginning of year	6,463	9,983	49,519
Exchange rate adjustments	0	0	4,145
Additions	4,276	2,527	1,426
Cost end of year	**10,739**	**12,510**	**55,090**
Amortisation and impairment losses beginning of year	(2,836)	(1,270)	(7,324)
Exchange rate adjustments	0	0	(301)
Reversal of impairment losses	584	0	0
Amortisation for the year	(410)	(964)	(4,772)
Amortisation and impairment losses end of year	**(2,662)**	**(2,234)**	**(12,397)**
Carrying amount end of year	**8,077**	**10,276**	**42,693**

9. Property, plant and equipment

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	1,560	27,922	4,939
Exchange rate adjustments	89	66	36
Additions	224	4,720	1,182
Disposals	0	(304)	(139)
Cost end of year	**1,873**	**32,404**	**6,018**
Depreciation and impairment losses beginning of the year	(710)	(12,859)	(1,229)
Exchange rate adjustments	(32)	(132)	(64)
Depreciation for the year	(169)	(6,187)	(622)
Reversal regarding disposals	0	277	139
Depreciation and impairment losses end of the year	**(911)**	**(18,901)**	**(1,776)**
Carrying amount end of year	**962**	**13,503**	**4,242**
Recognised assets not owned by entity	**0**	**3,362**	**0**

Notes to consolidated financial statements

10. Fixed asset investments

	Deposits DKK'000
Cost beginning of year	2,924
Additions	72
Disposals	(46)
Cost end of year	**2,950**
Carrying amount end of year	**2,950**

11. Subsidiaries

	Registered in	Equity interest %
Union Engineering Inc.	USA	100.0
Union Engineering (NingBO) Co. Ltd.	China	100.0
Union Engineering Oil & Gas B.V.	Netherlands	100.0
Union Engineering Latam Ltda.	Brazil	99.8
Union Engineering (South East Asia)	Singapore	100.0
Union Engineering (Middle East and Africa)	Dubai	100.0
Union Engineering North America Holding LLC	USA	100.0
Union Engineering North America LLC	USA	100.0
Airco Diet A/S	Denmark	52.0

12. Contract work in progress

	2014 DKK'000	2013 DKK'000
Contract work in progress	858,886	872,673
Progress billings regarding contract work in progress	(766,500)	(739,329)
Transferred to liabilities other than provisions	67,462	34,926
	159,848	**168,270**

13. Prepayments

Prepayments primarily comprise prepaid rent and commissions.

Notes to consolidated financial statements

14. Minority interests

	2014 000'DKK	2013 000'DKK
Minority interests at beginning of year	26,775	19,545
Share of profit/(loss) for the year	830	7,230
Dividends paid	(14,399)	0
	13,206	**26,775**

15. Deferred tax

	2014 DKK'000	2013 DKK'000
Intangible assets	6,736	5,688
Property, plant and equipment	241	333
Receivables	5,424	14,307
Equity	269	(39)
Provisions	(569)	(274)
Liabilities other than provisions	(255)	(520)
Other taxable temporary differences	793	54
	12,639	**19,549**

16. Other provisions

Other provisions comprises non-recourse guarantee commitments.

17. Long-term liabilities other than provisions

	Instalments within 12 months 2014 DKK'000	Instalments within 12 months 2013 DKK'000	Instalments beyond 12 months 2014 DKK'000
Finance lease liabilities	2,185	2,479	210
	2,185	**2,479**	**210**

Notes to consolidated financial statements

There are no debts with maturity in more than 5 years.

18. Change in working capital

	2014 DKK'000	2013 DKK'000
Increase/decrease in inventories	7,578	(22,600)
Increase/decrease in receivables	6,354	(10,888)
Increase/decrease in trade payables etc	5,878	31,738
	19,810	**(1,750)**

19. Arrangements not recognised in balance sheet

Contractual liabilities

The group has entered into a forward exchange contract concerning sale of foreign currency, the equivalent value of which amounts to DKK 64,014k (8,640k in 2013).

The group has entered into a forward exchange contract conerning purchase of foreign currency, the equivalent value of which amounts to DKK 10k (2,473k in 2013)

20. Unrecognised rental and lease commitments

Lease commitments

	2014 '000DKK	2013 '000DKK
For the year 2015 operating lease agreement has been concluded on cars:		
Annual lease payments 2015	**263**	**231**
Annual lease payments 2016	**94**	**107**
Annual lease payments 2017	**94**	**0**

Rental commitments

Rental contracts have been concluded, including rent of parent domicile property:		
Annual payments, 2015	**3,464**	**3,368**
Annual payments, 2016	**3,564**	**3,464**

Notes to consolidated financial statements

Annual payments, 2017	**3,667**	**3,564**
Annual payments, 2018	**3,912**	**3,667**
Annual payments, 2019 - 2024 (avg.)	**4,029**	**3,912**

21. Contingent liabilities

The Group participates in a Danish joint taxation arrangement in which Union Engineering Holding a/s serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Performance and prepayment guarantees and guarantee concerning the subsidiary have been provided by third party with recourse against the Company amounting to DKK 61,802k against DKK 70,679k at 31.12.2013.

A guarantee of payment in the amount of EUR 376k has been provided (EUR 376k in 2013).

The Group has entered into bonus agreements with certain employee groups.

Furthermore, the Group provides its customers with warranties according to normal trade custom.

22. Mortgages and securities

As security for the bank, an all-moneys mortgage (receivables charges) has been issued in the amount of DKK 20,000k (DKK 20,000k in 2013). The book value amounts to DKK 64,125k

Certain other plants etc are financed by finance lease, see note 9. The carrying amount of assets held under finance lease amounts to DKK 3,362k (DKK 5,804k in 2013).

23. Consolidation

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

Union Engineering Holding a/s, Snaremosevej 27, 7000 Fredericia

Parent income statement for 2014

	Notes	2014 DKK'000	2013 DKK'000
Revenue	1	400,639	396,674
Production costs	3, 4	(311,450)	(305,079)
Gross profit/loss		**89,189**	**91,595**
Distribution costs	3	(31,597)	(32,053)
Administrative costs	2, 3, 4	(40,862)	(46,331)
Other operating income		606	610
Other operating expenses		(2,270)	(2,281)
Operating profit/loss		**15,066**	**11,540**
Income from investments in group enterprises		6,032	24,174
Other financial income	5	3,405	1,611
Other financial expenses	6	(1,553)	(2,302)
Profit/loss from ordinary activities before tax		**22,950**	**35,023**
Tax on profit/loss from ordinary activities	7	(4,596)	(2,778)
Profit/loss for the year		**18,354**	**32,245**

		2014 DKK'000	2013 DKK'000
Proposed distribution of profit/loss			
Dividend for the financial year		12,000	29,500
Reserve for net revaluation according to the equity method		6,032	24,174
Retained earnings		322	(21,429)
		18,354	**32,245**

Parent balance sheet at 31.12.2014

	Notes	2014 DKK'000	2013 DKK'000
Completed development projects		8,077	3,627
Acquired patents		10,276	8,713
Intangible assets	8	**18,353**	**12,340**
Plant and machinery		97	147
Other fixtures and fittings, tools and equipment		11,862	13,250
Leasehold improvements		3,174	2,592
Property, plant and equipment	9	**15,133**	**15,989**
Investments in group enterprises		62,741	69,163
Deposits		2,466	2,394
Fixed asset investments	10	**65,207**	**71,557**
Fixed assets		**98,693**	**99,886**
Work in progress		0	1,143
Manufactured goods and goods for resale		27,277	29,532
Inventories		**27,277**	**30,675**
Trade receivables		64,125	47,994
Contract work in progress	11	86,470	81,393
Receivables from group enterprises		59,273	48,047
Other short-term receivables		695	3,851
Income tax receivable		445	840
Prepayments	12	1,813	1,377
Receivables		**212,821**	**183,502**
Cash		**7,117**	**3,082**
Current assets		**247,215**	**217,259**
Assets		**345,908**	**317,145**

Parent balance sheet at 31.12.2014

	Notes	2014 DKK'000	2013 DKK'000
Contributed capital	13	10,000	10,000
Reserve for net revaluation according to the equity method		42,209	33,031
Retained earnings		4,915	5,555
Proposed dividend		12,000	29,500
Equity		**69,124**	**78,086**
Provisions for deferred tax	14	9,843	13,002
Other provisions	15	5,790	4,224
Provisions		**15,633**	**17,226**
Finance lease liabilities		210	2,440
Non-current liabilities other than provisions	16	**210**	**2,440**
Current portion of long-term liabilities other than provisions	16	2,185	2,479
Bank loans		8,594	36,096
Contract work in progress		48,519	24,418
Trade payables		180,292	138,472
Debt to group enterprises		8,499	1,595
Other payables		12,852	16,333
Current liabilities other than provisions		**260,941**	**219,393**
Liabilities other than provisions		**261,151**	**221,833**
Equity and liabilities		**345,908**	**317,145**

Arrangements not recognised in balance sheet	17
Unrecognised rental and lease commitments	18
Contingent liabilities	19
Mortgages and securities	20
Related parties with controlling interest	21
Ownership	22

Parent statement of changes in equity for 2014

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	10,000	33,031	5,555	29,500
Ordinary dividend paid	0	0	0	(29,500)
Exchange rate adjustments	0	3,146	0	0
Fair value adjustments of hedging instruments	0	0	(996)	0
Other adjustments	0	0	34	0
Profit/loss for the year	0	6,032	322	12,000
Equity end of year	**10,000**	**42,209**	**4,915**	**12,000**

	Total DKK'000
Equity beginning of year	78,086
Ordinary dividend paid	(29,500)
Exchange rate adjustments	3,146
Fair value adjustments of hedging instruments	(996)
Other adjustments	34
Profit/loss for the year	18,354
Equity end of year	**69,124**

Notes to parent financial statements

1. Revenue

	2014 DKK'000	2013 DKK'000
Denmark	99	871
Other countries	400,540	395,803
	400,639	**396,674**

For competitive reasons the Entity does not wish to disclose how revenue is distributed on activities, cf. Sec. 96(1) of the Danish Financial Statements Act.

The Entity's markets are characterised by strong competition and few players and disclosure of such above information may have financial effects on the Entity and thereby be damaging for the Entity.

2. Fees to the auditor appointed by the Annual General Meeting

	2014 DKK'000	2013 DKK'000
Statutory audit services	189	185
Tax services	44	50
Other services	106	70
	339	**305**

3. Staff costs

	2014 DKK'000	2013 DKK'000
Wages and salaries	82,543	81,617
Pension costs	6,651	5,590
Other social security costs	351	766
	89,545	**87,973**
Average number of employees	**142**	**142**

	Remune-ration of manage-ment 2014 DKK'000	Remune-ration of manage-ment 2013 DKK'000
Total amount for management categories	2,611	2,734
	2,611	**2,734**

Notes to parent financial statements

4. Depreciation, amortisation and impairment losses

	2014 DKK'000	2013 DKK'000
Amortisation of intangible assets	1,374	1,328
Impairment losses relating to intangible assets	(584)	0
Depreciation on property, plant and equipment	5,874	5,539
	6,664	**6,867**

5. Other financial income

	2014 DKK'000	2013 DKK'000
Exchange rate adjustments	283	665
Other financial income	3,122	946
	3,405	**1,611**

6. Other financial expenses

	2014 DKK'000	2013 DKK'000
Exchange rate adjustments	460	1,191
Other financial expenses	1,093	1,111
	1,553	**2,302**

7. Tax on ordinary profit/loss for the year

	2014 DKK'000	2013 DKK'000
Tax on current year taxable income	7,619	1,055
Change in deferred tax for the year	(2,851)	1,723
Adjustment concerning previous years	(172)	0
	4,596	**2,778**

Notes to parent financial statements

8. Intangible assets

	Completed development projects DKK'000	Acquired patents DKK'000
Cost beginning of year	6,463	9,983
Additions	4,276	2,527
Cost end of year	**10,739**	**12,510**
Amortisation and impairment losses beginning of year	(2,836)	(1,270)
Reversal of impairment losses	584	0
Amortisation for the year	(410)	(964)
Amortisation and impairment losses end of year	**(2,662)**	**(2,234)**
Carrying amount end of year	**8,077**	**10,276**

9. Property, plant and equipment

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	557	23,735	3,464
Additions	0	4,131	887
Cost end of year	**557**	**27,866**	**4,351**
Depreciation and impairment losses beginning of the year	(410)	(10,485)	(872)
Depreciation for the year	(50)	(5,519)	(305)
Depreciation and impairment losses end of the year	**(460)**	**(16,004)**	**(1,177)**
Carrying amount end of year	**97**	**11,862**	**3,174**
Recognised assets not owned by entity	**0**	**3,362**	**0**

Notes to parent financial statements

10. Fixed asset investments

	Investments in group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	20,532	2,394
Additions	0	72
Cost end of year	**20,532**	**2,466**
Revaluations beginning of year	48,631	0
Exchange rate adjustments	3,146	0
Share of profit/loss for the year	6,032	0
Dividend	(15,600)	0
Revaluations end of year	**42,209**	**0**
Carrying amount end of year	**62,741**	**2,466**
Carrying amount includes proposed dividend for the financial year	0	

11. Contract work in progress

	2014 DKK'000	2013 DKK'000
Contract work in progress	413,999	398,965
Progress billings regarding contract work in progress	(376,048)	(341,990)
Transferred to liabilities other than provisions	48,519	24,418
	86,470	**81,393**

12. Prepayments

Prepayments primarily comprise prepaid rent and commissions.

13. Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
Ordinary shares	100,000	100	10,000
	100,000		**10,000**

Notes to parent financial statements

14. Deferred tax

	2014 DKK'000	2013 DKK'000
Intangible assets	4,313	3,023
Property, plant and equipment	190	283
Receivables	4,417	10,201
Equity	269	(39)
Liabilities other than provisions	(255)	(520)
Other taxable temporary differences	909	54
	9,843	**13,002**

15. Other provisions

Other provisions comprises non-recourse guarantee commitments.

16. Long-term liabilities other than provisi-ons

	Instalments within 12 months 2014 DKK'000	Instalments within 12 months 2013 DKK'000	Instalments beyond 12 months 2014 DKK'000
Finance lease liabilities	2,185	2,479	210
	2,185	**2,479**	**210**

There are no debts with maturity in more than 5 years.

17. Arrangements not recognised in balance sheet

Contractual liabilities

The company has entered into a forward exchange contract concerning sale of foreign currency, the equivalent value of which amounts to DKK 64,014k. (DKK 8,640k in 2013)

18. Unrecognised rental and lease commitments

Lease commitments

	2014 ‘000DKK	2013 ‘000DKK
For the year 2015 operating lease agreement has been concluded on cars:		
Annual lease payments 2015	**263**	**231**
Annual lease payments 2016	**94**	**107**

Notes to parent financial statements

Annual lease payments 2017	**94**	**0**
Annual lease payments 2018	**39**	**0**

Rental commitments
Rental contracts have been concluded, including rent of parent domicile property:

Annual payments, 2015	**3,320**	**3,224**
Annual payments, 2016	**3,420**	**3,320**
Annual payments, 2017	**3,523**	**3,420**
Annual payments, 2018	**3,912**	**3,523**
Annual payments, 2019 - 2024 (avg.)	**4,029**	**3,912**

19. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Union Engineering Holding a/s serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Performance and prepayment guarantees and guarantee concerning the subsidiary have been provided by third party with recourse against the Company amounting to DKK 61,802k against DKK 70,679k at 31.12.2013.

A guarantee of payment in the amount of EUR 376k has been provided (EUR 376k in 2013).

The Parent Company has entered into bonus agreements with certain employee groups.

Furthermore, the Group provides its customers with warranties according to normal trade custom.

Notes to parent financial statements

20. Mortgages and securities

As security for the bank, an all-moneys mortgage (receivables charges) has been issued in the amount of DKK 20,000k (DKK 20,000k in 2013). The book value amounts to DKK 64,125k

Certain other plants etc are financed by finance lease, see note 9. The carrying amount of assets held under finance lease amounts to DKK 3,362k (DKK 5,804k in 2013).

21. Related parties with controlling interest

The following parties have a controlling interest:

Name	**Home**	**Basis**
Capidea Kapital K/S	Copenhagen K, Denmark	Share owner
Union Engineering Holding a/s	Fredericia, Denmark	Share owner

22. Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Union Engineering Holding a/s, Snaremosevej 27, 7000 Fredericia.