

Annual report

2015



kamstrup

Approved at the annual general meeting on 15/03 2016



Chairman

Kamstrup A/S

Industrivej 28, Stilling
DK-8660 Skanderborg
CVR no.: 21 24 81 18



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The vision to deliver the difference today

AffaldVarme Aarhus
Denmark

“The investment is a positive business case, and we expect to earn back the investment long before the end of the expected lifetime of 16 years.”

Erik Brender, Project manager – AffaldVarme Aarhus

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 Kamstrup A/S for the financial year 1 January – 31 December 2015.

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

It is our opinion that the consolidated financial statements and the parent company's financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2015 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 15 March 2016

Executive Board:



Per Asmussen
CEO

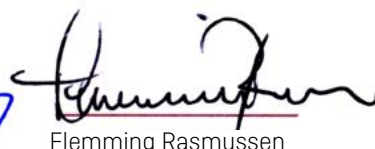


Henrik Rom
CFO/Executive vice president

Board of Directors:



Jørgen Wisborg
Chairman



Flemming Rasmussen
Vice-chairman



Torben B. Pedersen



Dan Korsgaard



Tina H. Amdisen
Employee representative



Anja Borg
Employee representative

Independent auditors' report

To the shareholder of Kamstrup 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 Kamstrup A/S for the financial year 1 January – 31 December 2015. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet and notes for the Group as well as for the parent company and consolidated cash flow statement. 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 and for such internal control that Management 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 under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 the 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 auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company 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 Company'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 evaluating 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 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 parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

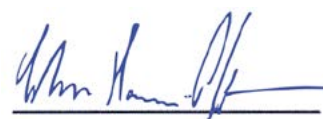
Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company 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.

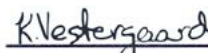
Aarhus, 15 March 2016

Ernst & Young

Chartered Accountancy Partner Company
CVR no.: 30700228



Claus Hammer-Pedersen
State Authorised Public
Accountant



Karsten Gatten Vestergaard
State Authorised Public
Accountant



Smart water metering gives water 24 hours a day

Maharashtra Jeevan Pradhikaran
India

"With Kamstrup's water meters, the consumers experience a great improvement of the water supply. In periods with high consumption, the consumers had to wait for water without knowing when or how much water they could expect. It has always been this way. With the smart meters, the consumers now have access to water 24 hours a day"

Mr. K. R. Otari, Sub Div. Engineer, Maharashtra Jeevan Pradhikaran

Company details

Kamstrup A/S
Industrivej 28, Stilling
DK-8660 Skanderborg

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F: +45 89 93 10 01
W: kamstrup.com
E: info@kamstrup.com

Reg. no.: 21 24 81 18

Established on 28 August 1931 (founded in 1946).
Registered office in Skanderborg

Board of Directors

Jørgen Wisborg, chairman
Flemming Rasmussen, vice-chairman
Torben B. Pedersen
Dan Korsgaard
Tina Amdisen
Anja Borg

Executive Board

Per Asmussen
Henrik Rom

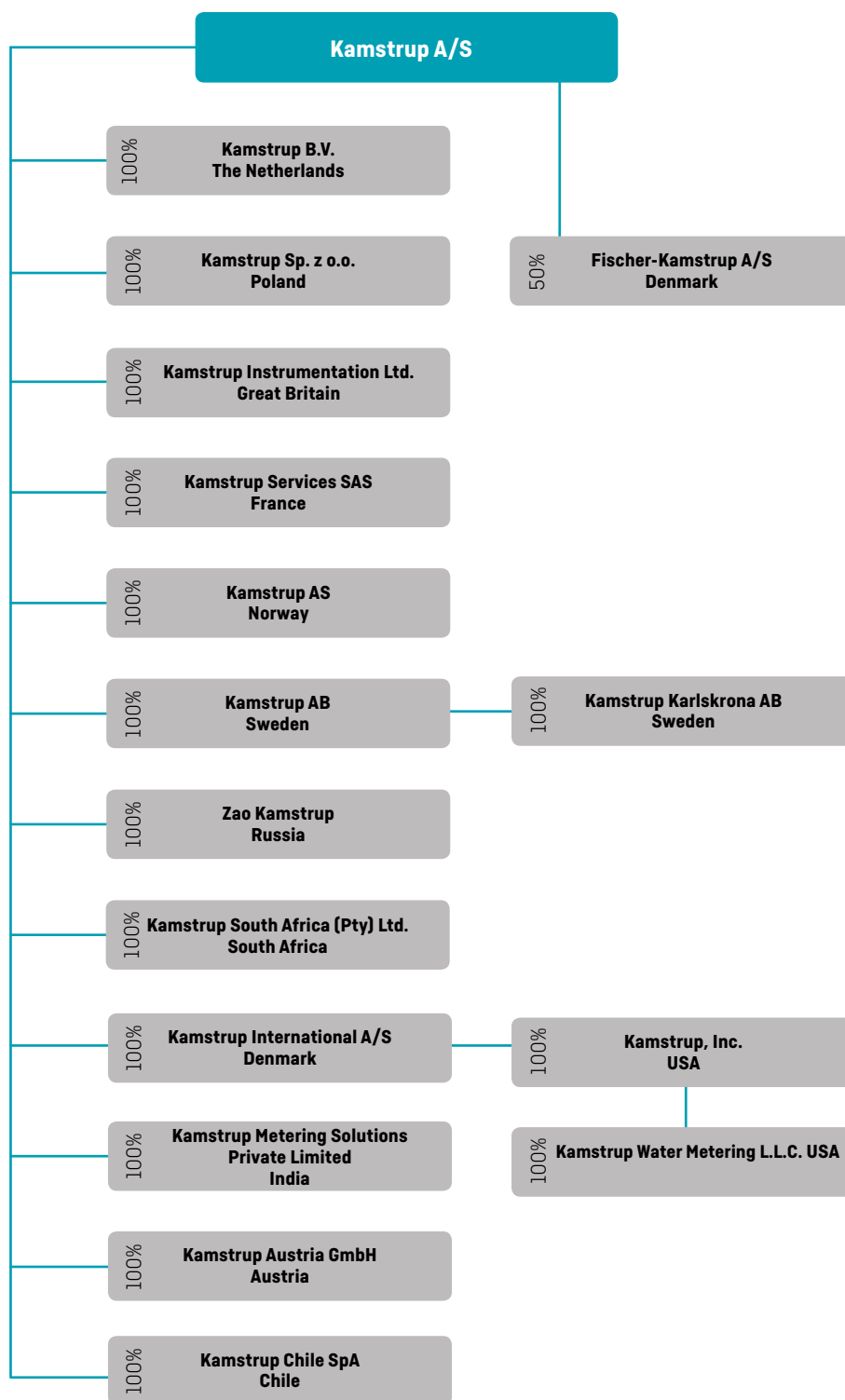
Auditors

Ernst & Young
Chartered Accountancy Partner Company
Bruun's Galleri
DK-8100 Aarhus C
CVR no.: 30700228

Annual general meeting

The annual general meeting is to be held on 15 March 2016.

Group chart



Financial highlights for the Group

DKKkm	2015	2014	2013	2012	2011
Key figures:					
Revenue	1,523.9	1,382.9	1,289.1	1,257.1	1,180.4
Operating profit	211.1	238.5	186.9	197.9	209.6
Financial income and expenses	-6.6	-3.6	-5.4	-7.7	-5.1
Profit before tax	201.6	260.5	182.5	191.0	205.1
Profit for the year	152.2	206.1	145.7	144.7	151.7
Non-current assets	355.6	320.5	310.0	301.9	249.5
Current assets	514.5	498.9	441.1	420.7	394.8
Total assets	870.1	819.5	751.1	722.6	644.3
Share capital	14.0	14.0	14.0	14.0	14.0
Equity	449.2	472.8	415.7	375.3	349.1
Provisions	38.5	40.3	42.2	31.9	20.2
Current liabilities	314.7	233.8	215.5	248.1	201.6
Liabilities	382.4	306.4	293.2	315.4	275.0
Investments in property, plant and equipment	72.5	61.1	46.0	77.9	71.3
Cash flows from operating and investing activities	161.3	152.6	172.8	54.7	42.3
Financial ratios					
Operating margin	14	19	15	16	18
Return on investment	38	49	40	47	57
Current ratio	163	213	205	170	196
Solvency ratio	52	58	55	52	54
Return on equity	33	46	37	40	47
Average number of employees	930	874	850	761	721

The financial ratios are computed as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on investment	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}^*}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity excl. non-controlling interests, year end} \times 100}{\text{Total liabilities, year end}}$
Return on equity	$\frac{\text{Profit for the year after tax} \times 100}{\text{Average equity}}$

*Invested capital:

Operating intangible assets and property, plant and equipment as well as net working capital



Fair billing and stable supply

Livewire Engineering and Consulting
South Africa

"The system is hosted in our data centre in Cape Town, and the performance is impressive 100 %. We have great experience with Kamstrup's Radio Mesh network and the competent smart meters from this and other projects."

Attie van Jaarsveld (Pr Eng), Project manager, Livewire Engineering and Consulting

Operating review

Principal activities

Kamstrup A/S Group develops, produces and sells electric meters for reading energy and water consumption and relating reading systems and data analysis tools to utilities and other users over the entire world. The head office is located in Stilling, south of Aarhus, and houses development, administration, sales and automated production.

Generally, Kamstrup develops all its products and manufacturers them on its highly automated factories in the Nordic countries.

On a world basis, Kamstrup has set up branches in: Chile, Dubai, Estonia, Finland, France, the Netherlands, India, China, Norway, Poland, Romania, Russia, Switzerland, Serbia, Spain, Great Britain, Sweden, South Africa, Czech Republic, Turkey, Germany, USA and Austria. The Company's products are sold and marketed through a network of distributors in other countries.

Development in activities and financial position

Profit for the year

In 2015, the electricity and water meter markets have globally experienced moderate growth in the sales of smart meters. The heat meter market has been stagnant in 2015.

In 2015, the Company succeeded in gaining market shares despite intensified competition. In general, the markets are characterized by increasing competition.

The growth is primarily a result of recent years' efforts within product development with a number of successful product launches. These have strengthened Kamstrup's competitiveness, partly through increased product functionality, partly by reduced manufacturing costs. Regular investments in manufacturing automation have also contributed to these reductions and thereby to improved competitiveness together with a high and consistent quality level which have also contributed to a continued development in quality costs. Substantial improvements arising from Lean activities have also improved productivity.

Despite major investments in 2015, Kamstrup continues to be in a sound financial position.

Considerable efforts within marketing and product development again in 2015 implied an increase in capacity costs and are expected to contribute to increasing market shares going forward.

Considering the general market development and considerable costs for the development of future markets and products in 2015, the profit for the year is considered satisfactory.

The profit of the year is expectedly lower than in 2014, primarily due to the one-time revenue caused by the sell-off of the gas activity in 2014.

Markets and outlook

In 2015, Kamstrup has won the largest order ever and must up to and including 2019 deliver 1 million electricity meters with associated reading system to DONG Energy. The contract also contains operation and services – potentially until 2034.

In 2016, Kamstrup is expected to gain additional market shares on a number of markets, resulting in increasing revenue, primarily as a result of the efforts within product development, production related development as well as sales activities within several markets.

Kamstrup plans to continuously invest intensively in new product development and production related development in the coming years.

In addition to continued new sales, we will in 2016 and onwards focus strongly on delivering the large orders which were signed in 2014 and 2015.

We expect further growth in 2016 and a higher profit than in 2015, primarily due to growth in the export markets.

Risks

Kamstrup manufactures, sells and installs primarily electric meters for reading energy and water consumption and relating remote reading systems and data analysis tools. The need/market is fairly stable; geographically, there is, however, growth potential. No major general risks are deemed to exist when the risk of not being at the forefront with technological development, having a high product quality and by acting in a competitive market is disregarded.

Kamstrup's sensitivity to financial risks is very limited. The need for interest-rate and currency hedging instruments is assessed regularly and the instruments are only applied based on commercial needs in order to hedge future cash flows. The risk of losses on customers is, in general, minimised by means of credit lines and by obtaining credit information. Kamstrup's creditworthiness is high.

Intellectual capital

Kamstrup has reliable, qualified and highly educated employees. The location of the Company facilitates the recruitment of skilled employees within technology, finance, etc.

Gender quotation on the Management Board

In the opinion of the Company, diversity – including the representation of both genders – can strengthen cooperation and working environment. It is therefore company policy to increase the share of the underrepresented gender.

Kamstrup is a global high-technology company where specialised, highly qualified employees are decisive. This means that the recruitment basis for a number of executive positions in Kamstrup represents candidates from technical educational institutions.

The share of women who graduated with a bachelor's degree in engineering within electronics/IT in Denmark represents less than 4 %, and the share of women who graduated with a Master's degree in engineering within electronics/IT is less than 3 %. These branches of study represent a natural recruitment base for a large part of the management positions in a technology company such as Kamstrup. The top management in Kamstrup defined as the Executive Board, executive managers, department managers and others comprise 75 managers of which the female share represents 14.7%. It is the Company's goal that the share of managers of the underrepresented gender at least corresponds to the share in the recruitment basis.

The Company has the following policies for complying with its goals:

- Periodic staff development interviews are carried out which contribute to the clarification of the employees' ambitions and competencies in relation to management. Management training is offered to employees, if relevant.
- The Company must perform periodic employee surveys, allowing both male and female managers to have the employees' assessment and feedback on how managerial assignments are performed.

When recruiting executives, the Company is particularly aware of whether candidates from the underrepresented gender are represented.

Goals for the underrepresented gender on the Board of Directors

The Company has a policy on increasing the share of the underrepresented gender on the Board of Directors. The objective is to obtain a representation of at least one female member of the Board of Directors before 2018, corresponding to a representation of 25 %. At the beginning of the target period, there were no female board members in Kamstrup A/S elected at the annual general meeting, and subsequently the Board of Directors has not changed.


Corporate Social Responsibility (CSR)

In January 2010, Kamstrup acceded to the UN Global Compact. UN Global Compact is the world's largest initiative for enterprises' CSR established by the UN with the purpose of involving private enterprises in solving some of the large social and environmental challenges as a consequence of globalisation.

UN Global Compact asks companies to embrace, support and enact ten principles in the areas of human rights, labour, the environment and anti-corruption and to implement these in their policies.

Kamstrup will continue its efforts within CSR and annually report the results to UN Global Compact.

Further information on CSR at Kamstrup is available at www.kamstrup.com/csr2015



Through a deep understanding of the customers' needs, we inspire to deliver superior quality and groundbreaking innovation.

Smart energy management for an entire country

Nukissiorfiit
Greenland

"The factor which has meant most to us is that we can automatically read and disconnect and reconnect power centrally so that we avoid unpleasant situations in the small communities where everyone knows everyone. Earlier, this was one of the greatest challenges when handling the meters manually."

Peter Wenzel Kruse, Communication manager at Nukissiorfiit.



Income statement

DKK'000	Note	Consolidated		Parent company	
		2015	2014	2015	2014
Revenue	1	1,523,888	1,382,859	1,316,729	1,150,847
Production costs	2	-960,680	-810,817	-907,041	-739,579
Gross profit		563,208	572,042	409,688	411,268
Sales and distribution costs	2	-284,499	-266,134	-150,585	-135,790
Administrative expenses	2,3,4	-67,641	-67,398	-64,603	-60,428
Operating profit		211,068	238,510	194,500	215,050
Other operating income		331	23,840	233	23,840
Other operating expenses		-3,792	0	-3,792	0
Operating profit		207,607	262,350	190,941	238,890
Profit in subsidiaries	10	0	0	10,883	18,456
Profit in associates	11	577	1,805	577	1,805
Financial income	5	716	3,196	1,015	3,695
Financial expenses	6	-7,277	-6,832	-7,378	-6,035
Profit before tax		201,623	260,519	196,038	256,811
Tax on profit for the year	7	-49,423	-54,412	-43,838	-50,704
Profit for the year		152,200	206,107	152,200	206,107

Proposed profit appropriation

Proposed dividends	127,000	180,000
Retained earnings	25,200	26,107
	152,200	206,107

Balance - Assets

		Consolidated		Parent company	
DKK'000	Note	2015	2014	2015	2014
ASSETS					
Non-current assets					
Intangible assets					
	8				
Finalised development projects		61,064	72,570	61,064	72,570
Group goodwill		2,370	4,740	0	0
Development projects in progress		32,512	7,265	32,512	7,265
		95,946	84,575	93,576	79,835
Property, plant and equipment					
	9				
Land and buildings		107,078	108,986	107,078	108,986
Plant and machinery		87,871	77,450	86,282	76,281
Fixtures and fittings, other plant and equipment		24,985	21,381	19,368	15,140
Assets in the course of construction		36,578	23,873	36,578	23,873
		256,512	231,690	249,306	224,280
Investments					
Investments in subsidiaries	10	0	0	135,155	116,498
Investments in associates	11	958	2,181	958	2,181
Receivables from subsidiaries		0	0	5,252	8,016
Deposits		2,137	2,083	522	505
		3,095	4,264	141,887	127,200
Total non-current assets		355,553	320,529	484,769	431,315
Current assets					
Inventories					
Raw materials and consumables		95,487	113,456	88,727	103,385
Work in progress		5,169	6,850	3,528	6,818
Finished goods		17,167	16,966	13,760	13,560
		117,823	137,272	106,015	123,763
Receivables					
Trade receivables		184,534	181,098	110,383	116,572
Selling price of systems deliveries	12	113,351	33,975	74,161	25,791
Receivables from subsidiaries		0	0	46,198	8,242
Receivables from group enterprises	17	13,943	54,712	13,943	54,712
Deferred tax	14	14,208	13,375	0	0
Corporation tax receivable	17	5,086	4,680	3,381	2,618
Other receivables		15,379	32,047	10,358	14,098
		346,501	319,887	258,424	222,033
Cash at bank and in hand		50,215	41,770	26,331	19,197
Total current assets		514,539	498,929	390,770	364,993
TOTAL ASSETS		870,092	819,458	875,539	796,308

Balance - Equity

		Consolidated		Parent company	
DKK'000	Note	2015	2014	2015	2014
EQUITY AND LIABILITIES					
Equity	13				
Share capital		14,000	14,000	14,000	14,000
Reserve for net revaluation according to the equity method		708	1,931	0	0
Retained earnings		307,500	276,846	308,208	278,777
Proposed dividends		127,000	180,000	127,000	180,000
Total equity		449,208	472,777	449,208	472,777
Provisions					
Deferred tax	14	20,690	17,168	20,690	17,168
Other provisions	15	17,819	23,088	12,815	15,710
Total provisions		38,509	40,256	33,505	32,878
Liabilities					
Non-current liabilities	16				
Mortgage credit institutions		67,200	71,913	67,200	71,913
Lease liabilities		458	721	0	0
		67,658	72,634	67,200	71,913
Current liabilities					
Current portion of non-current liabilities		6,389	6,199	5,160	5,006
Credit institutions		210	385	0	0
Selling price of systems deliveries	12	46,475	12,192	38,315	9,415
Prepayments from customers		27,784	9,257	19,074	0
Trade payables		95,413	55,473	87,672	43,924
Payables to subsidiaries		0	0	74,424	60,328
Payables to associates		1,578	1,586	1,578	1,586
Payables to associates		39	0	39	0
Corporation tax payable	17	4,331	2,373	630	0
Other payables		132,498	146,326	98,734	98,481
		314,717	233,791	325,626	218,740
Total liabilities other than provisions		382,375	306,425	392,826	290,653
TOTAL EQUITY AND LIABILITIES		870,092	819,458	875,539	796,308
Contingent items	18				
Related parties	21				

Cash flow statement

DKK'000	Note	Consolidated	
		2015	2014
Revenue		1,523,888	1,382,859
Costs		-1,230,431	-1,076,553
Cash flows from operations before changes in working capital	19	293,457	306,306
Changes in working capital	20	28,575	-32,707
Cash generated from operations (operating activities)		322,032	273,599
Interest received		716	378
Interest paid		-7,277	-6,832
Cash generated from operations (ordinary activities)		315,471	267,145
Corporation tax paid	17	-36,288	-63,139
Cash flows from operating activities		279,183	204,006
Disposal of enterprise		0	35,483
Acquisition of intangible assets		-46,484	-28,529
Acquisition of property, plant and equipment		-73,202	-59,574
Disposal of non-current assets		1,822	1,414
Deposits		-54	-186
Cash flows from investing activities		-117,918	-51,392
<i>External financing:</i>			
Mortgage credit institutions		-4,559	-5,219
Credit institutions		-175	-2,534
<i>Shareholders:</i>			
Dividends paid		-180,000	-140,000
Cash flows from financing activities		-184,734	-147,753
Cash flows for the year		-23,469	4,861
Opening cash and cash equivalents		87,627	85,601
Opening cash and cash equivalents in disposed enterprise		0	-2,835
Closing cash and cash equivalents		64,158	87,627
Closing cash and cash equivalents comprise			
Cash at bank and in hand		50,215	41,770
Receivables from/payables to group enterprises, cash pool		13,943	45,857
		64,158	87,627

Notes

	Consolidated		Parent company	
	2015	2014	2015	2014
DKK'000				
1. Segment information (broken down on revenue)				
Europe	91%	91%	90%	89%
Other	9%	9%	10%	11%
	100%	100%	100%	100%
System & Service	38%	37%	38%	39%
Components	62%	63%	62%	61%
	100%	100%	100%	100%
2. Staff costs				
Wages and salaries	453,510	420,803	367,411	326,401
Pensions	29,469	27,200	20,535	18,789
Other social security costs	24,749	18,716	6,313	4,370
	507,728	466,719	394,259	349,560
<i>Staff costs are specified as follows:</i>				
Production	252,517	242,129	236,624	220,023
Distribution	193,438	175,670	97,130	83,484
Administration	30,144	32,853	28,876	29,986
Activated in development projects	31,629	16,067	31,629	16,067
	507,728	466,719	394,259	349,560
Average number of employees	930	874	745	668

Remuneration of the parent company's Executive Board and Board of Directors totals DKK 5,421 thousand (2014: DKK 5,691 thousand).

3. Depreciation/amortisation and impairment losses				
Intangible assets	35,113	35,022	32,743	27,025
Property, plant and equipment	46,438	41,187	43,811	38,294
	81,551	76,209	76,554	65,319
<i>Depreciation/amortisation and impairment losses are specified as follows:</i>				
Production	73,328	67,861	70,397	58,573
Distribution	2,661	2,221	637	726
Administration	5,562	6,127	5,520	6,020
	81,551	76,209	76,554	65,319

Notes

	Consolidated		Parent company	
	2015	2014	2015	2014
DKK'000				
4. Fees paid to auditors appointed at the general meeting				
Statutory audit fees	710	422	345	377
Assurance engagements	29	11	22	11
Tax advisory services	234	163	200	163
Other services	213	216	183	152
	1,186	812	750	703

During 2014, KPMG in Denmark changed to EY's international network. Consequently, in 2015 the Kamstrup group selected EY as auditor in all significant units. The above statutory audit fees to auditors appointed at the general meeting is thus EY. For 2014, the statutory audit fees to KPMG concerning statutory audit amount to DKK 388 thousand.

5. Financial income

Financial income – subsidiaries	0	0	374	474
Other financial income	716	3,196	641	3,221
	716	3,196	1,015	3,695

6. Financial expenses

Financial expenses – subsidiaries	0	0	1,258	1,620
Other financial expenses	7,277	6,832	6,120	4,415
	7,277	6,832	7,378	6,035

7. Tax on profit for the year

Current joint taxation contribution	44,205	50,672	38,039	45,145
Tax in branches	1,131	819	1,131	819
Deferred tax	4,188	1,933	4,757	4,229
Adjustment of tax in respect of previous years	159	398	171	-79
	49,683	53,822	44,098	50,114
Tax on profit for the year is specified as follows:				
Tax recognised in the income statement	49,423	54,412	43,838	50,704
Tax recognised in equity	260	-590	260	-590
	49,683	53,822	44,098	50,114

Notes

DKK'000

8. Intangible assets

	Consolidated			
	Completed development projects	Goodwill	Development projects in progress	In total
Cost at 1 January	189,423	150,100	7,265	346,788
Exchange rate adjustment in foreign enterprises	942	532	0	1,474
Additions	136	0	46,348	46,484
Disposals	-5,252	0	0	-5,252
Transferred	21,101	0	-21,101	0
Cost at 31 December	206,350	150,632	32,512	389,494
Amortisation and impairment losses at 1 January	-116,853	-145,360	0	-262,213
Exchange rate adjustment in foreign enterprises	-942	-532	0	-1,474
Disposals	5,252	0	0	5,252
Depreciation/amortisation and impairment losses	-32,743	-2,370	0	-35,113
Amortisation and impairment losses at 31 December	-145,286	-148,262	0	-293,548
Carrying amount at 31 December	61,064	2,370	32,512	95,946
Amortised over	<u>2-5 years</u>	<u>5 years</u>		

	Parent company			
	Completed development projects	Goodwill	Development projects in progress	In total
Cost at 1 January	161,612	12,295	7,265	181,172
Additions	136	0	46,348	46,484
Disposals	-5,252	0	0	-5,252
Transferred	21,101	0	-21,101	0
Cost at 31 December	177,597	12,295	32,512	222,404
Amortisation and impairment losses at 1 January	-89,042	-12,295	0	-101,337
Disposals	5,252	0	0	5,252
Depreciation/amortisation and impairment losses	-32,743	0	0	-32,743
Amortisation and impairment losses at 31 December	-116,533	-12,295	0	-128,828
Carrying amount at 31 December	61,064	0	32,512	93,576
Amortised over	<u>2-5 years</u>	<u>5 years</u>		

Notes

DKK'000

9. Property, plant and equipment

	Consolidated				
	Land and buildings	Production plant and machinery	Fixtures and fittings, other plant and equipment	Prepay-ments and plant in pro-gress	In total
Cost at 1 January	168,403	250,202	74,548	23,873	517,026
Exchange rate adjustment in foreign enterprises	0	47	400	0	447
Additions	2,609	21,812	11,550	36,578	72,549
Disposals	0	-6,665	-5,117	0	-11,782
Transferred	2,256	17,686	3,931	-23,873	0
Cost at 31 December	173,268	283,082	85,312	36,578	578,240
Amortisation and impairment losses at 1 January	-59,417	-172,752	-53,167	0	-285,336
Exchange rate adjustment in foreign enterprises	0	-8	-237	0	-245
Depreciation/amortisation and impairment losses	-6,773	-29,144	-10,521	0	-46,438
Disposals	0	6,693	3,598	0	10,291
Amortisation and impairment losses at 31 December	-66,190	-195,211	-60,327	0	-321,728
Carrying amount at 31 December	107,078	87,871	24,985	36,578	256,512
Amortised over	<u>25 years</u>	<u>5 years</u>	<u>3-7 years</u>		
Prop., plant and equipm, comprise assets held under finance leases with a carrying amount totalling	0	0	1,734	0	1,734

	Parent company				
Cost at 1 January	168,403	248,795	56,355	23,873	497,426
Additions	2,609	21,077	9,717	36,578	69,981
Disposals	0	-6,693	-3,963	0	-10,656
Transferred	2,256	17,686	3,931	-23,873	0
Cost at 31 December	173,268	280,865	66,040	36,578	556,751
Amortisation and impairment losses at 1 January	-59,417	-172,514	-41,215	0	-273,146
Depreciation/amortisation and impairment losses	-6,773	-28,762	-8,276	0	-43,811
Disposals	0	6,693	2,819	0	9,512
Amortisation and impairment losses at 31 December	-66,190	-194,583	-46,672	0	-307,445
Carrying amount at 31 December	107,078	86,282	19,368	36,578	249,306
Amortised over	<u>25 years</u>	<u>5 years</u>	<u>3-7 years</u>		

Notes

DKK'000	Parent company	
	2015	2014
10. Investments in subsidiaries		
Cost at 1 January	173,038	179,697
Additions for the year	0	925
Disposals for the year	-125	-7,584
Cost at 31 December	172,913	173,038
Adjustments at 1 January	-56,540	-56,546
Foreign exchange adjustment	3,691	-7,069
Profit for the year before tax	16,246	23,418
Negative net asset value in subsidiaries set off against receivables	13,235	10,874
Tax on profit for the year	-5,363	-4,962
Benefit	-8,294	-17,415
Disposals at disposal of enterprise	-733	-4,840
Adjustments at 31 December	-37,758	-56,540
Carrying amount at 31 December	135,155	116,498

Name	Voting right and ownership	
	Reg. office	
Kamstrup B.V.	NL	100%
Kamstrup Sp. z o.o.	PL	100%
Kamstrup Instrumentation Ltd.	GB	100%
Kamstrup AS	NO	100%
Kamstrup Services SAS	FR	100%
Kamstrup AB	SE	100%
Kamstrup Karlskrona AB	SE	100%
Zao Kamstrup	RU	100%
Kamstrup South Africa (Pty) Ltd.	ZA	100%
Kamstrup Austria GmbH	AT	100%
Kamstrup Metering Solutions Private Limited	IN	100%
Kamstrup International A/S	GB	100%
Kamstrup, Inc.	US	100%
Kamstrup Water Metering L.L.C.	US	100%
Kamstrup Chile SpA	CL	100%

Notes

DKK'000

	Consoli- dated	Parent company
11. Investments in associates		
Acquisition amount at 1 January	250	250
Acquisition amount at 31 December	250	250
Adjustments at 1 January	1,931	1,931
Profit for the year before tax	768	768
Tax on profit for the year	-191	-191
Benefit	-1,800	-1,800
Adjustments at 31 December	708	708
Carrying amount at 31 December	958	958

Name	Reg. office	Voting right and ownership
Fischer-Kamstrup A/S	GB	50%

	Consolidated		Parent company	
	2015	2014	2015	2014
12. Selling price of systems deliveries				
Systems deliveries	1,039,715	862,002	859,603	759,018
Progress billings	-972,839	-840,219	-823,757	-742,642
	66,876	21,783	35,846	16,376
Progress billings are specified as follows:				
Systems deliveries (assets)	113,351	33,975	74,161	25,791
Systems deliveries (equity and liabilities)	-46,475	-12,192	-38,315	-9,415
	66,876	21,783	35,846	16,376

Notes

DKK'000	Consolidated				
	Equity capital	Net revaluation accord. to the equity method	Retained earnings	Proposed dividends	In total
13. Equity					
Equity at 01 January 2014	14,000	1,126	260,595	140,000	415,721
Distributed dividends	0	0	0	-140,000	-140,000
Transferred via profit appropriation	0	805	25,302	180,000	206,107
Value adjustment of hedging instruments	0	0	-2,407	0	-2,407
Tax recognised in equity	0	0	590	0	590
Exchange rate adjustment – foreign subsidiaries	0	0	-7,234	0	-7,234
Equity at 01 January 2015	14,000	1,931	276,846	180,000	472,777
Distributed dividends	0	0	0	-180,000	-180,000
Transferred via profit appropriation	0	-1,223	26,423	127,000	152,200
Value adjustment of hedging instruments	0	0	1,105	0	1,105
Tax recognised in equity	0	0	-260	0	-260
Exchange rate adjustment – foreign subsidiaries	0	0	3,386	0	3,386
Equity at 31 December 2015	14,000	708	307,500	127,000	449,208

Notes

DKK'000	Parent company				
	Equity capital	Net re-valuation accord. to the equity method	Retained earnings	Proposed dividends	In total
13. Equity – continued					
Equity at 01 January 2014	14,000	0	261,721	140,000	415,721
Distributed dividends	0	0	0	-140,000	-140,000
Transferred via profit appropriation	0	0	26,107	180,000	206,107
Value adjustment of hedging instruments	0	0	-2,407	0	-2,407
Tax recognised in equity	0	0	590	0	590
Exchange rate adjustment – foreign subsidiaries	0	0	-7,234	0	-7,234
Equity at 01 January 2015	14,000	0	278,777	180,000	472,777
Distributed dividends	0	0	0	-180,000	-180,000
Transferred via profit appropriation	0	0	25,200	127,000	152,200
Value adjustment of hedging instruments	0	0	1,105	0	1,105
Tax recognised in equity	0	0	-260	0	-260
Exchange rate adjustment – foreign subsidiaries	0	0	3,386	0	3,386
Equity at 31 December 2015	14,000	0	308,208	127,000	449,208

The share capital comprises 28,000 shares of DKK 500 each. All shares carry the same voting rights.

Notes

	Consolidated		Parent company	
DKK'000	2015	2014	2015	2014
14. Deferred tax				
Deferred tax at 1 January	3,793	1,860	17,168	12,939
Adjustment of tax in respect of previous years	-1,499	0	-1,235	0
Deferred tax for the year	4,188	1,933	4,757	4,229
Deferred tax at 31 December	6,482	3,793	20,690	17,168
Deferred tax liability	20,690	17,168	20,690	17,168
Deferred tax asset	-14,208	-13,375	0	0
	6,482	3,793	20,690	17,168
<i>Deferred tax is incumbent on:</i>				
Intangible assets	18,683	15,326	18,683	15,326
Property, plant and equipment	4,038	4,391	4,031	4,430
Unrealised intra-group profit	-269	-424	-269	-424
Indirect production overheads	910	1,158	910	1,158
Bad debts and other accruals	-16,880	-16,658	-2,665	-3,322
	6,482	3,793	20,690	17,168
15. Other provisions				
Other provisions at 1 January	23,088	28,803	15,710	24,201
Utilised during the year	-4,689	-7,773	-3,474	-7,346
Unused guarantee obligations, restored	-4,348	-6,444	-2,930	-4,820
Provisions for the year	3,768	8,502	3,509	3,675
Other provisions at 31 December	17,819	23,088	12,815	15,710
<i>The provisions are expected to be payable in:</i>				
0-1 years	6,726	10,052	6,650	9,654
1-5 years	6,704	8,133	5,938	5,852
+ 5 years	4,389	4,903	227	204
	17,819	23,088	12,815	15,710

Notes

	Consolidated		Parent company	
DKK'000	2015	2014	2015	2014
16. Liabilities				
<i>The loans are specified as follows:</i>				
Long-term	67,658	72,634	67,200	71,913
Short-term	6,389	6,199	5,160	5,006
	74,047	78,833	72,360	76,919
Non-current liabilities falling due more than five years after the expiry of the financial year	46,294	51,527	46,294	51,527
17. Corporation tax				
Corporation tax at 1 January	11,162	1,814	11,473	1,476
Adjustment of tax in respect of previous years	-1,399	-398	-1,393	79
Current tax for the year	-45,335	-53,393	-39,169	-45,964
Corporation tax paid during the year	36,288	63,139	31,801	55,882
Corporation tax at 31 December	716	11,162	2,712	11,473
<i>Allocated as follows:</i>				
Corporation tax receivable	5,086	4,680	3,381	2,618
Corporation tax payable	-4,331	-2,373	-630	0
Receivables from/payables to group enterprises	-39	8,855	-39	8,855
	716	11,162	2,712	11,473

Notes

DKK'000	Consolidated		Parent company	
	2015	2014	2015	2014
18. Contingent items				
Contingent liabilities				
Leasehold liabilities	13,230	12,994	1,579	1,735
Lease liabilities	10,789	7,115	8,750	4,380
Collateral				
Performance guarantees provided as collateral for the Company's liabilities towards third party	266,827	50,131	261,832	44,590
The below assets have been provided as collateral for mortgage debt:				
<i>Land and buildings with a carrying amount of:</i>	107,078	108,986	107,078	108,986

The Parent Company has provided Norwegian customers with parent company guarantees of DKK 0 in total. (2014: DKK 25 million) regarding an outstanding balance with the subsidiary in Norway.

In addition to this, the Group and the Parent Company have provided collateral for liabilities of its group enterprises at an amount of DKK 79 million. (2014: DKK 251 million)

The Parent Company's shares in the subsidiary Kamstrup AB have been provided as collateral for bank loans with group enterprises.

The Company has issued a letter of intent to the associate in Denmark acknowledging its intention to provide financial support.

The Company is jointly taxed with other Danish group companies. As a group company, the company has unlimited and joint liability with other group companies for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation unit. The jointly taxed companies' total known net liability to SKAT appears from the financial statements of the management company OK a.m.b.a, CVR no. 39 17 04 18. Any subsequent corrections to the joint taxation income and the withholding tax, etc. may result in an increased liability for the company. The Group as a whole is not liable to any others.

DKK'000	2015	2014
19. Cash flows from operations before changes in working capital		
Ordinary operating profit	211,068	238,510
<i>Adjustment for non-cash operating items, etc.:</i>		
Depreciation/amortisation and impairment losses	81,551	76,209
Gain/loss on the disposal of non-current assets	0	-359
Other adjustments	838	-8,054
	293,457	306,306
20. Changes in working capital		
Changes in inventories	19,449	205
Changes in receivables	-35,505	-57,524
Changes in trade and other payables	44,631	24,612
	28,575	-32,707

Notes

21. Related parties

Kamstrup A/S' related parties comprise:

Control

OK a.m.b.a., Viby J., Denmark, owns the entire share capital.

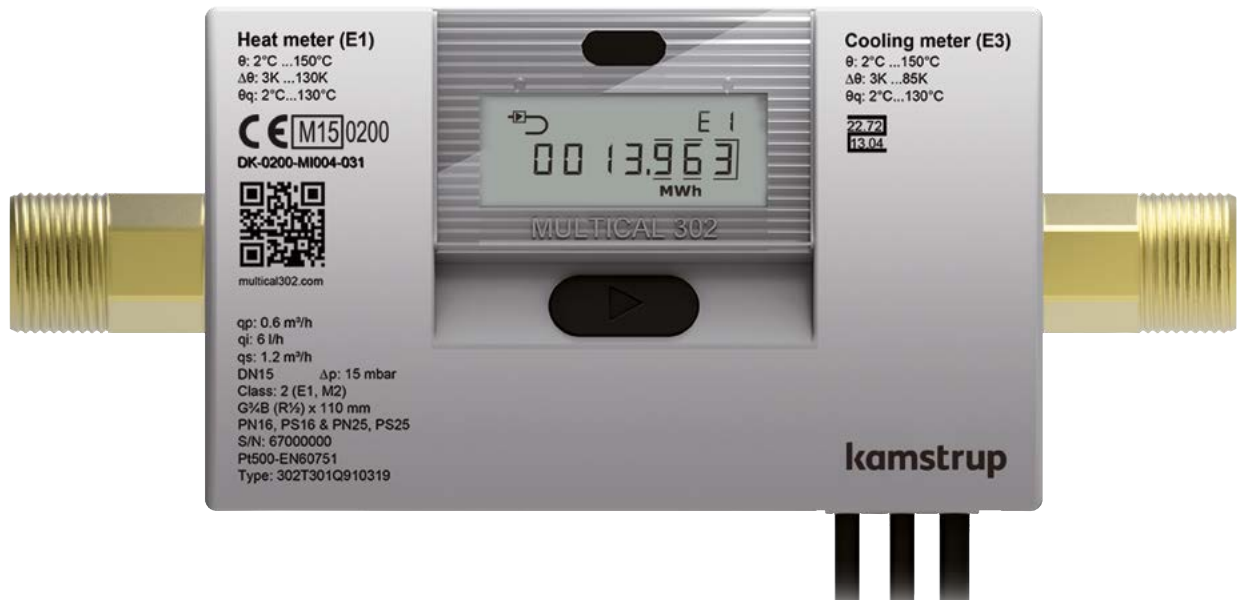
Other related parties

Other related parties comprise subsidiaries and associates, as described in notes 10 and 11, and the companies' Executive Board and the Board of Directors, executive employees and their family members. Further, related parties comprise companies in which the above persons have substantial interests.

Transactions with related parties

All transactions take place on an arm's length basis.

No transactions have been carried out with the Executive Board and the Board of Directors, executive employees, shareholders or other related parties, apart from intra-group transactions, which have been eliminated in the consolidated financial statements, and the usual remuneration.



Notes

22. Accounting policies

The annual report of Kamstrup A/S for 2015 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act. The accounting policies are consistent with those applied last year.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Kamstrup A/S, and subsidiaries in which Kamstrup A/S directly or indirectly holds more than 50 % of the voting rights or which it, in some other way, controls. Enterprises in which the group holds between 20 % and 50 % of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, see the group chart.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Disposed or liquidated enterprises are recognised in the consolidated income statements up until the date of disposal. Comparative figures are not corrected for enterprises acquired, disposed or liquidated during the year.

Gains and losses at disposal of subsidiaries and associates are calculated as the difference between the disposal amount and the carrying amount of net assets at the date of the disposal incl. non-amortized goodwill and expected sales or liquidation costs.

Acquisitions of enterprises are accounted for using the purchase method. Any excess of the cost of the acquisition over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. At the moment, the useful life is assessed to be five years.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

On recognition of foreign subsidiaries and associates, the income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date.

Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates ruling at the balance sheet date are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables and payables, respectively, and in equity.

Notes

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. Discounts granted are recognised in revenue.

Revenue from sale of goods

Income from the sale of finished goods, comprising electric meters for reading heat and water consumption is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Revenue from sale of services

Income from the provision of services, comprising service contracts, is recognised in revenue on a straight-line basis as the services are provided.

Revenue from systems deliveries

Systems deliveries involving highly customised solutions are recognised in revenue in line with production. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method). The stage of completion is made up based on the used costs compared to the latest cost estimate.

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Sales and distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for group management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

Other operating income

Other operating income contains items of secondary character in relation to the activity of the companies, including gains at disposal of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses contain items of secondary character in relation to the activity of the companies, including losses at disposal of intangible assets and property, plant and equipment.

Profits/losses from investments in subsidiaries and associates

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of associates is recognised in both the parent company and the consolidated income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses in respect of payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Notes


Tax on profit for the year

The Parent Company is covered by the Danish rules on compulsory joint taxation of the OK a.m.b.a. Group's Danish subsidiaries. Danish subsidiaries form part of the joint taxation from the date on which they are included in the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company, OK a.m.b.a., is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by the settlement of joint taxation contributions between the jointly taxed enterprises in proportion to their taxable income. In this relation, enterprises with tax loss carryforwards receive joint taxation contributions from enterprises that have used these losses to reduce their own taxable profits.

Tax for the year comprises joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.



We are committed to
create a brighter future
for the water and energy
industries by always
turning vision into action.

Notes

Balance sheet

Intangible assets

Capitalised development costs are measured at cost less accumulated amortisation. Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Company's development activities. Capitalised development costs are amortised on a straight-line basis after the completion of the development work over the estimated useful life. The amortisation period is 2-5 years.

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life, which is five years.

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers as well as wages and salaries.

The cost of assets held under finance leases is recognised at the lower of the fair value of the assets and the present value of the future lease payments. For the calculation of the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as discount rate.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	25 years
Plant and machinery	5 years
Fixtures and fittings, other plant and equipment	3-7 years

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured in accordance with the equity method.

Investments in subsidiaries and associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries and associates with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries and associates is transferred to the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds the cost of acquisition.

Notes

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance and depreciation of production machinery, buildings and equipment as well as factory administration. Borrowing costs are not recognised.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

Selling price of systems deliveries

The selling price of systems deliveries is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the individual work in progress.

Individual systems deliveries are recognised in the balance sheet under either receivables or payables. Net assets are determined as the sum of systems deliveries where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of systems deliveries where progress billings exceed the selling price.

Equity – dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method. The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Corporation tax and deferred tax

Joint taxation contributions payable and receivable are recognised in the balance sheet as amounts owed to/by group enterprises.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a setoff against deferred tax liabilities in the same legal tax entity and jurisdiction.

Other provisions

Provisions comprise anticipated costs related to warranties, losses on systems deliveries, unfunded pension obligations, etc.

Financial liabilities

Financial liabilities are measured at amortised cost.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities

Other liabilities are measured at net realisable value.

Notes

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities


Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Group's accounting policies, risks and internal financial management.



We keep our promises
and measure our success
on the basis of the
progress we create for
others.

Think forward

Kamstrup A/S

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