

# Annual report

# 2012



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*The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.*



## 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 2012.

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 financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2012 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 2012.

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, 18 March 2013

### Executive Board:

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Per Asmussen

### Board of Directors:

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Jørgen Wisborg  
*Chairman*

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Flemming Rasmussen  
*Vice-chairman*

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Erik Larsen

---

Dan Korsgaard

---

Tina H. Amdisen  
*Elected by the employees*

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Tove M. Sørensen  
*Elected by the employees*



## Independent auditors' report

### To the shareholders 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 2012. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity 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 2012 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 2012 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, 18 March 2013*

### KPMG

Statsautoriseret Revisionspartnerselskab

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Claus Hammer-Pedersen  
*State Authorised  
Public Accountant*

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Udo Witzky  
*State Authorised  
Public Accountant*

### Company details

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Industrivej 28, Stilling  
DK-8660 Skanderborg

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Telefax: +45 89 93 10 01  
Website: [www.kamstrup.dk](http://www.kamstrup.dk)  
E-mail: [info@kamstrup.dk](mailto:info@kamstrup.dk)

Reg. No.: 21 24 81 18  
Established: 28. August 1931 (founded in 1946)  
Registered office: Skanderborg

### Board of Directors

Jørgen Wisborg, Chairman  
Flemming Rasmussen  
Erik Larsen  
Dan Korsgaard  
Tina H. Amdisen  
Tove M. Sørensen

### Executive Board

Per Asmussen

### Auditors

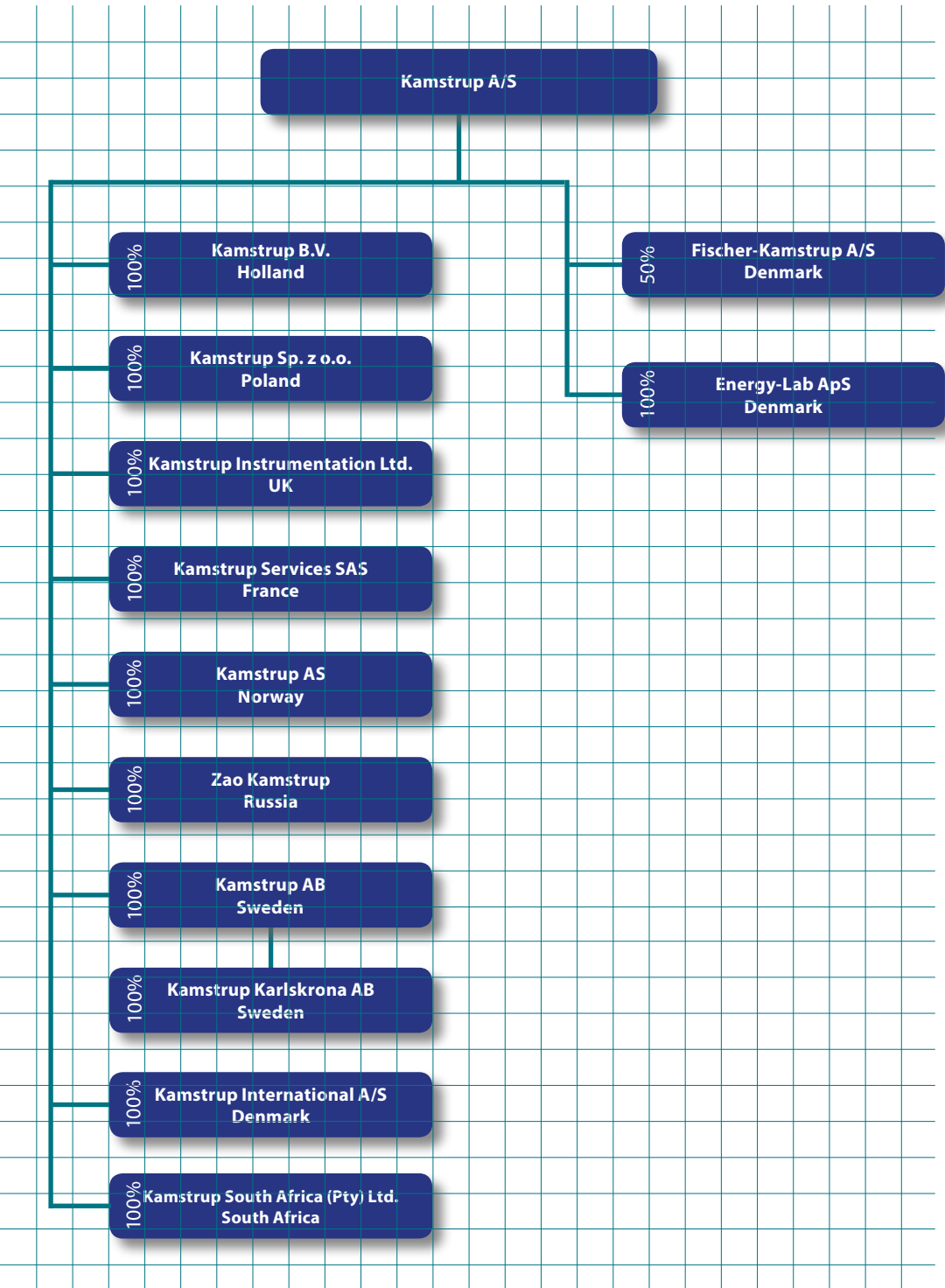
KPMG  
Statsautoriseret Revisionspartnerselskab  
Bruun's Galleri  
DK-8100 Aarhus C

### Annual general meeting

The annual general meeting is to be held on 18 March 2013.



Group chart



## Financial highlights for the Group

DKKm	2012	2011	2010	2009	2008
<b>Key figures</b>					
Revenue	1,257.1	1,180.4	918.0	842.1	939.1
Operating profit	197.9	209.6	122.0	28.8	73.3
Financial income and expenses	-7.7	-5.1	-7.1	-5.1	-31.5
<b>Profit before tax</b>	<b>191.0</b>	<b>205.1</b>	<b>115.7</b>	<b>26.6</b>	<b>42.4</b>
Profit for the year	144.7	151.7	93.8	10.0	25.5
Non-current assets	300.8	249.5	198.5	210.5	242.5
Current assets	414.8	394.8	411.8	341.9	379.4
<b>Total assets</b>	<b>715.6</b>	<b>644.3</b>	<b>610.3</b>	<b>552.4</b>	<b>622.0</b>
Share capital	14.0	14.0	14.0	14.0	14.0
<b>Equity</b>	<b>375.3</b>	<b>349.1</b>	<b>293.4</b>	<b>210.5</b>	<b>225.9</b>
Provisions	31.9	20.2	9.5	19.2	18.7
Current liabilities other than provisions	241.0	201.6	225.6	162.7	212.3
Liabilities other than provisions	308.4	275.0	304.7	321.2	377.3
Investments in property, plant and equipment	-77.9	-71.3	-20.4	-26.2	-60.3
<b>Total cash flows</b>	<b>-42.7</b>	<b>0.7</b>	<b>61.1</b>	<b>-2.5</b>	<b>-21.0</b>
<b>Financial ratios</b>					
Operating margin	16	18	13	3	8
Return on investment	47	57	35	8	22
Current ratio	172	196	183	210	178
Solvency ratio	52	54	48	38	36
Return on equity	40	47	37	5	12
<b>Average number of employees</b>	<b>761</b>	<b>721</b>	<b>635</b>	<b>681</b>	<b>690</b>

### The financial ratios are computed as follows:

<b>Operating margin</b>	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
<b>Return on investment</b>	$\frac{\text{Operating profit/loss} \times 100}{\text{Average operating assets}}$
<b>Current ratio</b>	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
<b>Solvency ratio</b>	$\frac{\text{Equity excl. non-controlling interests, year end} \times 100}{\text{Total liabilities, year end}}$
<b>Return on equity</b>	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

\*Invested capital:

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

### Operating review

#### Principal activities

Kamstrup A/S develops, produces and sells electric meters for reading heat and water consumption and relating reading systems to utilities 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 manufactures them on its highly automated factories in the Nordic countries.

Kamstrup has set up branches in Sweden, Norway, the UK, Holland, Poland, France, Russia, Estonia, Finland, Germany, Switzerland, Spain, the Czech Republic, Romania, Serbia, Dubai, Singapore, India, China and South Africa. 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

The world market for intelligent energy and water metering stagnated in 2012.

In 2012, the Company succeeded in gaining further market shares despite intensified competition, resulting in 6% growth in 2012.

The export markets account for the majority of growth. In 2012, the Company opened its own office in South Africa. Exports account for more than 80% of the Company's sale.

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 and 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.

Substantial improvements arising from Lean activities have also improved productivity.

Despite major investments in 2012, Kamstrup is in a sound financial position.

Considerable efforts within marketing and product development in 2012 implied an increase in capacity costs and are expected to contribute to increasing market shares going forward.

Considering the heavy investments in 2012, the profit for the year at the same level as the 2011 profit is considered satisfactory.

## Management's review

### Markets and outlook

In 2013, the world market for Kamstrup's products is expected to remain unchanged or perhaps be slightly on the decrease. Nevertheless, the Company expects increasing revenue due to continuously increasing market shares 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 a considerable part of interim results in new product development and production-related development in the coming years. Resources have also been allocated to launch a number of major new projects on the market in 2013.

We expect to enjoy further growth in 2013 and to report a profit in line with 2012.

### Risks

Kamstrup manufactures, sells and installs primarily electric meters for reading heat and water consumption and relating reading systems. 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 production 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, hedged 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.

### Corporate social responsibility

With effect from 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  
<http://kamstrup.com/23792/kamstrup-csr-2012>

# Consolidated and parent company financial statements for 1 January – 31 December

## Accounting policies

The annual report of Kamstrup A/S for 2012 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. 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.

## Non-controlling interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The non-controlling interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and stated separately in the income statement and balance sheet.

## 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 and 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.

# Consolidated and parent company financial statements for 1 January – 31 December

## Accounting policies

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.

## Income statement

### Revenue

Revenue is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end. Revenue is measured ex VAT, taxes and discounts in relation to the sale.

With reference to section 96(1) of the Danish Financial Statements Act, revenue has not been broken down by geographical markets, as such disclosure is deemed detrimental to the Company.

Contract work in progress concerning systems deliveries is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year. The projects are assessed for risks of losses on a regular basis, and provisions are made if needed.

### 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.



## Consolidated and parent company financial statements for 1 January – 31 December

### Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses in respect of securities, 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

### Corporation tax

The Company is covered by the Danish rules on compulsory joint taxation of the OK a.m.b.a. Group's Danish subsidiaries. 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.

In accordance with the joint taxation rules, the subsidiaries' corporation tax liabilities to the tax authorities are settled in line with the payment of joint taxation contributions to the administrative company.

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 set-off against deferred tax liabilities in the same legal tax entity and jurisdiction

# Consolidated and parent company financial statements for 1 January – 31 December

## Balance sheet

Intangible assets and property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount. Impairment tests are conducted annually of each individual asset or groups of assets.

## 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.

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.

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

Buildings	20-25 years
Plant and machinery	5 years
Fixtures and fittings, other plant and equipment	3-7 years

## Investments in subsidiaries and associates

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 the Russian associate are measured at the lower of cost and recoverable amount.

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.

## 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.

## Consolidated and parent company financial statements for 1 January – 31 December

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 and management. Borrowing costs are not recognised.

### Receivables

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

### 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.

### Other provisions

Other provisions comprise warranties to make good any defects within the warranty period.

### Financial liabilities

Financial liabilities are measured at amortised cost.

### Other liabilities

Other liabilities are measured at net realisable value.

## 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.

# Consolidated and parent company financial statements for 1 January – 31 December

## Income statement

DKK'000	Note	Consolidated		Parent company	
		2012	2011	2012	2011
<b>Revenue</b>		1,257,145	1,180,375	999,681	946,767
Production costs	1	-737,821	-675,200	-655,415	-603,621
<b>Gross profit</b>		519,324	505,175	344,266	343,146
Distribution costs	1	-215,511	-197,653	-127,915	-109,068
Administrative expenses	1,2	-105,924	-97,967	-57,839	-57,345
<b>Operating profit</b>		197,889	209,555	158,512	176,733
Profit in subsidiaries	8	-	-	31,442	22,182
Profit in associates	9	725	601	725	601
Financial income	3	307	1,362	1,500	2,718
Financial expenses	4	-7,966	-6,425	-9,754	-8,330
<b>Profit before tax</b>		190,955	205,093	182,425	193,904
Tax on profit for the year	5	-46,216	-51,337	-37,686	-42,225
<b>Profit for the year</b>		144,739	153,756	144,739	151,679
Minority shareholders' share of the results of subsidiaries		0	-2,077	0	0
<b>The Kamstrup Group's share of profit for the year</b>		144,739	151,679	144,739	151,679

## Proposed profit appropriation

Proposed dividends	102,000	120,000
Retained earnings	42,739	31,679
	144,739	151,679

# Consolidated and parent company financial statements for 1 January – 31 December

## Balance sheet

	Note	Consolidated		Parent company	
		2012	2011	2012	2011
DKK'000					
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Intangible assets</b>	6				
Finalised development projects		51,601	29,894	50,630	27,881
Group goodwill		19,152	24,446	0	0
Development projects in progress		13,601	18,083	13,601	18,083
		84,354	72,423	64,231	45,964
<b>Property, plant and equipment</b>	7				
Land and buildings		114,266	79,769	113,807	79,311
Plant and machinery		69,961	40,129	69,961	40,129
Fixtures and fittings, other plant and equipment		26,770	25,111	17,828	15,948
Assets in the course of construction		2,441	28,230	2,376	27,851
		213,438	173,239	203,972	163,239
<b>Investments</b>					
Investments in subsidiaries	8	-	-	120,020	108,141
Investments in associates	9	2,206	3,482	2,206	3,481
Deposits		766	398	749	352
		2,972	3,880	122,975	111,974
<b>Total non-current assets</b>		300,764	249,542	391,178	321,177
<b>Current assets</b>					
<b>Inventories</b>					
Raw materials and consumables		129,137	112,744	108,485	105,152
Work in progress		5,628	1,932	4,913	1,932
Finished goods		7,040	17,386	3,487	1,286
		141,805	132,062	116,885	108,370
<b>Receivables</b>					
Trade receivables		155,176	143,649	100,264	68,634
Selling price of systems deliveries		60,719	35,869	51,776	33,676
Amounts owed by subsidiaries		-	-	42,163	75,559
Amounts owed by affiliated companies	15	5,785	0	5,785	0
Deferred tax	12	3,969	3,378	0	0
Corporation tax receivable	15	6,667	0	195	0
Other receivables		7,481	3,900	3,471	233
		239,797	186,796	203,654	178,102
<b>Cash at bank and in hand</b>		33,199	75,918	9,586	35,531
<b>Total current assets</b>		414,801	394,776	330,125	322,003
<b>TOTAL ASSETS</b>		715,565	644,318	721,303	643,180

# Consolidated and parent company financial statements for 1 January – 31 December

## Balance sheet

		Consolidated		Parent company	
DKK'000	Note	2012	2011	2012	2011
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>	10				
Share capital		14,000	14,000	14,000	14,000
Reserve for net revaluation according to the equity method		1,956	3,231	0	0
Retained earnings		257,366	211,850	259,322	215,081
Proposed dividends		102,000	120,000	102,000	120,000
<b>Total equity</b>		<b>375,322</b>	<b>349,081</b>	<b>375,322</b>	<b>349,081</b>
<b>Non-controlling interests</b>	11	-	-	-	-
<b>Provisions</b>					
Deferred tax	12	10,676	5,498	10,432	4,487
Other provisions	13	21,187	14,734	20,344	13,831
<b>Total provisions</b>		<b>31,863</b>	<b>20,232</b>	<b>30,776</b>	<b>18,318</b>
<b>Liabilities other than provisions</b>					
<b>Non-current liabilities</b>	14				
Mortgage credit institutions		67,307	72,497	67,307	72,497
Credit institutions		26	862	0	0
		<b>67,333</b>	<b>73,359</b>	<b>67,307</b>	<b>72,497</b>
<b>Current liabilities</b>					
Current portion of non-current liabilities		6,578	6,081	5,711	5,115
Bank loans and overdrafts		28,449	295	28,295	0
Prepayments from customers		938	1,819	0	0
Trade payables		55,371	52,397	48,267	42,644
Amounts owed to subsidiaries		-	-	64,591	67,557
Amounts owed to associates		1,147	1,758	1,147	1,758
Amounts owed to group enterprises	15	0	1,994	0	1,994
Corporation tax payable	15	5,145	8,526	0	0
Other payables		143,419	128,776	99,887	84,216
		<b>241,047</b>	<b>201,646</b>	<b>247,898</b>	<b>203,284</b>
<b>Total liabilities other than provisions</b>		<b>308,380</b>	<b>275,005</b>	<b>315,205</b>	<b>275,781</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>715,565</b>	<b>644,318</b>	<b>721,303</b>	<b>643,180</b>
<b>Contingent items</b>	16				
<b>Related parties</b>	19				



# Consolidated and parent company financial statements for 1 January – 31 December

## Cash flow statement

DKK'000	Note	Consolidated	
		2012	2011
Revenue		1,257,145	1,180,375
Costs		-994,864	-913,207
Cash flows from operations before changes in working capital	17	262,281	267,168
Changes in working capital	18	-33,574	-66,045
Cash generated from operations (operating activities)		228,707	201,123
Interest received		307	1,362
Interest paid		-7,966	-6,425
Cash generated from operations (ordinary activities)		221,048	196,060
Corporation tax paid		-59,456	-44,942
<b>Cash flows from operating activities</b>		<b>161,592</b>	<b>151,118</b>
Acquisition of intangible assets		-29,913	-38,031
Acquisition of property, plant and equipment		-78,171	-71,200
Disposal of non-current assets		1,516	656
Deposits		-368	-222
<b>Cash flows from investing activities</b>		<b>-106,936</b>	<b>-108,797</b>
<i>External financing:</i>			
Mortgage loans		-4,693	13,405
Bank loans		27,318	-19,709
Loans to affiliated companies		0	57,654
<i>Shareholders:</i>			
Dividends paid		-120,000	-93,000
<b>Cash flows from financing activities</b>		<b>-97,375</b>	<b>-41,650</b>
<b>Cash flows for the year</b>		<b>-42,719</b>	<b>671</b>
Opening cash and cash equivalents		75,918	75,247
<b>Closing cash and cash equivalents</b>		<b>33,199</b>	<b>75,918</b>

# Consolidated and parent company financial statements for 1 January – 31 December

## Notes

	Consolidated		Parent company	
DKK'000	2012	2011	2012	2011
<b>1. Costs</b>				
<b>Staff costs</b>				
Wages and salaries	372,188	328,147	285,827	254,990
Pensions	27,648	23,140	17,958	14,882
Other social security costs	23,235	22,442	3,874	2,646
	423,071	373,729	307,659	272,518
<i>Staff costs are specified as follows:</i>				
Production	216,175	193,897	179,335	161,261
Distribution	153,834	128,172	86,479	73,919
Administration	53,062	51,660	41,845	37,338
	423,071	373,729	307,659	272,518
<b>Average number of employees</b>	761	721	602	535

Remuneration of the parent company's Executive Board and Board of Directors totals DKK 5,194 thousand (2011: DKK 5,057 thousand).

<b>Depreciation/amortisation and impairment losses</b>				
Intangible assets	17,982	24,848	11,077	10,063
Property, plant and equipment	37,061	32,026	33,355	28,526
	55,043	56,874	44,432	38,589
<i>Depreciation/amortisation and impairment loss is specified as follows:</i>				
Production	46,390	47,613	37,917	31,572
Distribution	1,601	1,586	0	0
Administration	7,052	7,675	6,515	7,017
	55,043	56,874	44,432	38,589

# Consolidated and parent company financial statements for 1 January – 31 December

## Notes

	Consolidated		Parent company	
DKK'000	2012	2011	2012	2011
<b>2. Fees paid to auditors appointed at the general meeting</b>				
Statutory audit fees	1,027	989	315	350
Assurance engagements	14	25	14	25
Tax advisory services	624	453	300	275
Other services	284	727	218	250
	1,949	2,194	847	900
<b>3. Financial income</b>				
Financial income, subsidiaries	-	-	1,290	1,554
Other financial income	307	1,362	210	1,164
	307	1,362	1,500	2,718
<b>4. Financial expenses</b>				
Financial expenses, subsidiaries	-	-	2,507	2,463
Other financial expenses	7,966	6,425	7,247	5,867
	7,966	6,425	9,754	8,330
<b>5. Tax on profit for the year</b>				
Current joint taxation contribution	39,486	46,437	28,971	36,943
Tax in branches	1,481	724	1,481	724
Deferred tax	4,587	3,612	5,945	3,994
Adjustment of deferred tax in respect of previous years	210	-185	837	-185
	45,764	50,588	37,234	41,476
Recognised in the income statement	46,216	51,337	37,686	42,225
Tax recognised in equity	-452	-749	-452	-749
	45,764	50,588	37,234	41,476

# Consolidated and parent company financial statements for 1 January – 31 December

## Notes

DKK'000	Consolidated			
	Finalised development projects	Goodwill	Development projects in progress	Total
<b>6. Intangible assets</b>				
Cost at 1 January	106,371	151,288	18,083	275,742
Exchange rate adjustment in foreign enterprises	1,335	562	0	1,897
Additions	292	0	29,052	29,344
Disposals	0	0	0	0
Transferred	33,534	0	-33,534	0
Cost at 31 December	141,532	151,850	13,601	306,983
Amortisation and impairment losses at 1 January	-76,477	-126,842	0	-203,319
Exchange rate adjustment in foreign enterprises	-1,328	0	0	-1,328
Disposals	0	0	0	0
Amortisation	-12,126	-5,856	0	-17,982
Amortisation and impairment losses at 31 December	-89,931	-132,698	0	-222,629
<b>Carrying amount at 31 December</b>	<b>51,601</b>	<b>19,152</b>	<b>13,601</b>	<b>84,354</b>
Amortised over	<u>2-5 years</u>	<u>5 years</u>		
	<b>Parent company</b>			
Cost at 1 January	71,613	12,295	18,083	101,991
Additions	292	0	29,052	29,344
Disposals	0	0	0	0
Transferred	33,534	0	-33,534	0
Cost at 31 December	105,439	12,295	13,601	131,335
Amortisation and impairment losses at 1 January	-43,732	-12,295	0	-56,027
Disposals	0	0	0	0
Amortisation	-11,077	0	0	-11,077
Amortisation and impairment losses at 31 December	-54,809	-12,295	0	-67,104
<b>Carrying amount at 31 December</b>	<b>50,630</b>	<b>0</b>	<b>13,601</b>	<b>64,231</b>
Amortised over	<u>2-5 years</u>	<u>5 years</u>		

# Consolidated and parent company financial statements for 1 January – 31 December

## Notes

DKK'000	Consolidated				
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Prepayments and assets in the course of construction	Total
<b>7. Property, plant and equipment</b>					
Cost at 1 January	123,677	169,489	75,823	28,230	397,219
Exchange rate adjustment in foreign enterprises	10	0	813	34	857
Additions	39,464	25,771	10,237	2,430	77,902
Disposals	0	-9,927	-5,932	0	-15,859
Transferred	0	24,399	3,854	-28,253	0
Cost at 31 December	163,151	209,732	84,795	2,441	460,119
Depreciation and impairment losses at 1 January	-43,908	-129,360	-50,712	0	-223,980
Exchange rate adjustment in foreign enterprises	-9	0	-564	0	-573
Depreciation	-4,968	-20,338	-11,746	0	-37,052
Disposals	0	9,927	4,997	0	14,924
Depreciation and impairment losses at 31 December	-48,885	-139,771	-58,025	0	-246,681
<b>Carrying amount at 31 December</b>	114,266	69,961	26,770	2,441	213,438
Depreciated over	20-25 years	5 years	3-7 years		
	Parent company				
Cost at 1 January	120,766	169,489	43,761	27,851	361,867
Additions	39,464	25,771	6,628	2,363	74,226
Disposals	0	-9,927	-4,445	0	-14,372
Transferred	0	24,399	3,439	-27,838	0
Cost at 31 December	160,230	209,732	49,383	2,376	421,721
Depreciation and impairment losses at 1 January	-41,455	-129,360	-27,813	0	-198,628
Depreciation	-4,968	-20,338	-8,049	0	-33,355
Disposal	0	9,927	4,307	0	14,234
Depreciation and impairment losses at 31 December	-46,423	-139,771	-31,555	0	-217,749
<b>Carrying amount at 31 December</b>	113,807	69,961	17,828	2,376	203,972
Depreciated over	25 years	5 years	3-7 years		

# Consolidated and parent company financial statements for 1 January – 31 December

## Notes

	Parent company	
	2012	2011
DKK'000		
<b>8. Investments in subsidiaries</b>		
Cost at 1 January	177,920	163,052
Additions for the year	1,000	14,868
Cost at 31 December	178,920	177,920
Adjustments at 1 January	-69,779	-77,174
Foreign exchange adjustment	2,927	-148
Profit for the year before tax	39,972	30,178
Tax on profit for the year	-8,530	-7,995
Dividends	-23,490	-14,640
Adjustments at 31 December	-58,900	-69,779
<b>Carrying amount at 31 December</b>	<b>120,020</b>	<b>108,141</b>



# Consolidated and parent company financial statements for 1 January – 31 December

## Notes

Name	Regis- tered office	Own- er-ship	Share capital	Equity	Profit/ loss for the year	Kamstrup Group's share		
						Equity	Profit/ loss from ord. act. before tax	Profit/ loss for the year
			1.000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Kamstrup B.V.	NL	100%	EUR 227	22,893	11,081	22,893	14,662	11,081
Kamstrup Sp. z o.o.	PL	100%	PLN 80	6,196	1,170	6,196	1,521	1,170
Kamstrup Instrumentation Ltd.	GB	100%	GBP 92	1,902	864	1,902	1,128	864
Energy-Lab ApS	DK	100%	DKK 125	153	-22	153	-24	-22
Kamstrup AS	NO	100%	NOK 106	6,992	4,118	6,992	5,580	4,118
Kamstrup Services SAS	FR	100%	EUR 100	5,972	3,920	5,972	6,087	3,920
Kamstrup AB	SE	100%	SEK 10,000	63,929	15,348	63,929	15,542	15,348
Zao Kamstrup	RU	100%	RUB 115	4,106	1,710	4,106	2,223	1,710
Kamstrup South Africa (Pty) Ltd.	ZA	100%	ZAR 0	0	0	0	0	0
Kamstrup International A/S	DK	100%	DKK 1,000	1,000	0	1,000	0	0
				113,143	38,189	113,143	46,719	38,189
Intra-group profits and losses at 31 December						-2,602	0	0
Changes in intra-group profits and losses						0	-891	-891
Goodwill at 31 December						9,479	0	0
Amortisation of goodwill						0	-5,856	-5,856
						120,020	39,972	31,442

# Consolidated and parent company financial statements for 1 January – 31 December

## Notes

DKK'000

DKK'000				Consoli- dated	Parent company
<b>9. Investments in associates</b>					
Cost at 1 January				251	250
Disposals for the year				-1	0
Cost at 31 December				250	250
Adjustments at 1 January				3,231	3,231
Profit for the year before tax				968	968
Tax on profit for the year				-243	-243
Dividends				-2,000	-2,000
Adjustments at 31 December				1,956	1,956
<b>Carrying amount at 31 December</b>				<b>2,206</b>	<b>2,206</b>
	Regis- tered office	Owner- ship	Share capital	Equity	Results for the year
Group and parent company Fischer-Kamstrup A/S	DK	50%	tDKK 500	2,206	725

# Consolidated and parent company financial statements for 1 January – 31 December

## Notes

DKK'000	Consolidated				
	Share capital	Net re-valuation accord. to the equity method	Retained earnings	Proposed dividends	Total
<b>10. Equity</b>					
<b>Equity at 1 January 2011</b>	14,000	4,131	182,260	93,000	293,391
Distributed dividends				-93,000	-93,000
Transferred via profit appropriation		-900	32,579	120,000	151,679
Value adjustment of hedging instruments			-3,787		-3,787
Tax recognised in equity			946		946
Exchange rate adjustment, foreign subsidiaries			-148		-148
<b>Equity at 1 January 2012</b>	14,000	3,231	211,850	120,000	349,081
Distributed dividends				-120,000	-120,000
Transferred via profit appropriation		-1,275	44,014	102,000	144,739
Value adjustment of hedging instruments			-1,877		-1,877
Tax recognised in equity			452		452
Exchange rate adjustment, foreign subsidiaries			2,927		2,927
<b>Equity at 31 December 2012</b>	14,000	1,956	257,366	102,000	375,322

# Consolidated and parent company financial statements for 1 January – 31 December

## Notes

DKK'000	Parent company				
	Share capital	Net re-valuation accord. to the equity method	Retained earnings	Proposed dividends	Total
<b>10. Equity - continued –</b>					
<b>Equity at 1 January 2011</b>	14,000	-	186,391	93,000	293,391
Distributed dividends				-93,000	-93,000
Transferred via profit appropriation		148	31,531	120,000	151,679
Value adjustment of hedging instruments			-3,787		-3,787
Tax recognised in equity			946		946
Exchange rate adjustment, foreign subsidiaries		-148			-148
<b>Equity at 1 January 2012</b>	14,000	0	215,081	120,000	349,081
Distributed dividends				-120,000	-120,000
Transferred via profit appropriation		-2,927	45,666	102,000	144,739
Value adjustment of hedging instruments			-1,877		-1,877
Tax recognised in equity			452		452
Exchange rate adjustment, foreign subsidiaries		2,927			2,927
<b>Equity at 31 December 2012</b>	14,000	0	259,322	102,000	375,322

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

DKK'000.	Consolidated	
	2012	2011
<b>11. Non-controlling interests</b>		
Non-controlling interests at 1 January	0	2,752
Non-controlling interests at 31 December	0	0

# Consolidated and parent company financial statements for 1 January – 31 December

## Notes

	Consolidated		Parent company	
DKK'000	2012	2011	2012	2011
<b>12. Deferred tax</b>				
Deferred tax at 1 January	2,120	-1,492	4,487	678
Deferred tax for the year	4,587	3,612	5,945	3,994
Adjustment of tax in respect of previous years	0	0	0	-185
<b>Deferred tax at 31 December</b>	<b>6,707</b>	<b>2,120</b>	<b>10,432</b>	<b>4,487</b>
Deferred tax liability	10,676	5,498	10,432	4,487
Deferred tax asset	-3,969	-3,378	0	0
	<b>6,707</b>	<b>2,120</b>	<b>10,432</b>	<b>4,487</b>
<i>Deferred tax is incumbent on:</i>				
Intangible assets	11,298	3,499	11,054	5,243
Property, plant and equipment	3,565	2,180	3,642	2,040
Unrealised intra-group profit	-651	-403	-651	-403
Indirect production overheads	1,286	985	1,286	985
Bad debts and other accruals	-8,791	-4,141	-4,899	-3,378
	<b>6,707</b>	<b>2,120</b>	<b>10,432</b>	<b>4,487</b>
<b>13. Other provisions</b>				
Other provisions at 1 January	14,734	7,606	13,831	6,511
Utilised during the year	-8,124	-5,422	-3,643	-4,492
Provisions for the year	14,577	12,550	10,156	11,812
<b>Other provisions at 31 December</b>	<b>21,187</b>	<b>14,734</b>	<b>20,344</b>	<b>13,831</b>
<i>The provisions are expected to be payable in:</i>				
0-1 years	4,984	1,991	4,141	1,340
1-5 years	16,203	12,743	16,203	12,491
	<b>21,187</b>	<b>14,734</b>	<b>20,344</b>	<b>13,831</b>

# Consolidated and parent company financial statements for 1 January – 31 December

## Notes

	Consolidated		Parent company	
DKK'000	2012	2011	2012	2011
<b>14. Liabilities</b>				
<i>The loans are specified as follows:</i>				
Long-term	67,333	73,359	67,307	72,497
Short-term	6,578	6,081	5,711	5,115
	73,911	79,440	73,018	77,612
Non-current liabilities falling due more than five years after the expiry of the financial year	43,592	50,957	43,592	50,957
<b>15. Corporation tax</b>				
Corporation tax at 1 January	-10,520	-7,736	-1,994	-4,287
Adjustment of tax in respect of previous years	-211	185	-836	185
Current tax for the year	-41,418	-47,911	-30,453	-38,418
Corporation tax paid during the year	59,456	44,942	39,263	40,526
<b>Corporation tax at 31 December</b>	7,307	-10,520	5,980	-1,994
<i>Allocated as follows:</i>				
Corporation tax receivable	6,667	0	195	0
Corporation tax payable	-5,145	-8,526	0	0
Amounts owed to group enterprises	5,785	-1,994	5,785	-1,994
	7,307	-10,520	5,980	-1,994



# Consolidated and parent company financial statements for 1 January – 31 December

## Notes

	Consolidated		Parent company	
DKK'000	2012	2011	2012	2011
<b>16. Contingent items</b>				
<b>Contingent liabilities</b>				
Leasehold liabilities do not exceed	8,517	9,126	3,413	3,254
Lease liabilities	6,925	6,346	5,804	5,112
<b>Collateral</b>				
Performance guarantees provided as collateral for the Company's liabilities towards third party	31,117	39,431	26,779	31,926
The below assets have been provided as security for mortgage debt:				
Land and buildings with a carrying amount of:	113,807	79,311	113,807	79,311

The Company has provided a guarantee to Swedish customer regarding outstanding balance with the subsidiary in Sweden.

The Company's subsidiary in the Netherlands has provided assets with a carrying amount of DKK 29 million as collateral for bank loans of DKK 0.9 million.

In addition to this, the Company has provided collateral for liabilities of its group enterprises at an amount of DKK 908 million.

The 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.

	2012	2011
<b>17. Cash generated from operations before changes in working capital</b>		
Operating profit	197,889	209,555
<i>Adjustment for non-cash operating items, etc.:</i>		
Depreciation/amortisation and impairment losses	55,043	56,874
Gain on the disposal of non-current assets	-607	-73
Other adjustments	9,956	812
	262,281	267,168
<b>18. Changes in working capital</b>		
Changes in inventories	-9,743	-35,722
Changes in receivables	-39,956	-4,537
Changes in trade and other payables	16,125	-25,786
	-33,574	-66,045

# Consolidated and parent company financial statements for 1 January – 31 December

## Notes

### 19. 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 8 and 9, 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.

