Dantherm®
CONTROL YOUR CLIMATE

ANNOUNCEMENT OF FINANCIAL STATEMENTS 2014

In 2014, Dantherm realised revenue of DKK 441m compared with DKK 482m in 2013. An operating loss (EBIT) of DKK 18.8m was posted against a profit of DKK 5.2m in 2013. The operating result for 2014 was negatively affected by impairment of goodwill of DKK 11.0m, severance payments of DKK 3.0m and costs associated with the divestment of Telecom of DKK 2.2m.

Torben Duer, President & CEO:
'Overall, Dantherm's operating result in 2014 was unsatisfactory, primarily attributable to the unprofitable Telecom business segment. The HVAC business segment generated reasonably satisfactory results, with H2 2014 outperforming H2 2013. We still expect the divestment of the Telecom business to be completed once the buyer obtains the necessary approvals from the authorities, but due to the postponed completion of the divestment, Dantherm has been granted an extension of its current credit facilities until January 2016.'

Agreement on divestment of the Telecom business segment
- As reported in company announcement no. 3 of 24 March 2014, Dantherm has entered into an agreement on the divestment of the Telecom business segment. The activities in the Telecom segment were therefore classified as discontinuing operations, and this classification was used in the interim reports in 2014. Contrary to expectations, the buyer has not yet been unable to obtain the necessary approvals for the deal to go ahead, and it has thus been assessed that the criteria for the classification of the activities in the Telecom business segment as discontinuing operations have not been satisfied. The classification of activities into continuing and discontinuing operations has thus not been maintained in the annual report.
- The buyer is still working on getting the approvals for the deal to go ahead.

Financial affairs
- As a consequence of the postponed closing of the Telecom divestment, in March Dantherm renegotiated its agreement on committed facilities with the primary credit institutions, which expires on 31 March 2015. The credit institutions have undertaken to extend the committed facilities until January 2016. The agreed credit facilities are on a par with the expected cash needs.
- The scope for strengthening Dantherm's capital resources will be subject to continuous assessment.

Developments in 2014
- Revenue amounted to DKK 441m against DKK 482m in 2013.
- An operating loss (EBIT) of DKK 18.8m was posted against a profit of DKK 5.2m in 2013. The operating result for 2014 was negatively affected by impairment of goodwill of DKK 11.0m, severance payments of DKK 3.0m and costs associated with the divestment of Telecom of DKK 2.2m.
- Dantherm's most recent outlook was based on a classification of activities into continuing and discontinuing operations. In accordance with this classification, revenue and operating profit (EBIT) were DKK 306m and DKK 2.0m, respectively, and thus slightly better than the most recently announced outlook of revenue of approx. DKK 300m and an operating profit (EBIT) of approx. DKK 0m.
- Dantherm posted a net loss of DKK 28.5m against DKK 28.0m in 2013.

Outlook for 2015
- The outlook for 2015 is based on the divestment of the Telecom business being completed.
- Market growth within HVAC is expected to remain moderate and impacted by developments in the European economy. Within several business areas, a certain growth is expected to be driven by increased focus on the indoor climate and energy efficiency, but growth within HVAC will primarily depend on winning market share.
- With the cost cuts achieved in 2014 within the HVAC business segment, in 2015, Dantherm expects to post an improved operating profit (EBIT) to the level of DKK 5-10m based on the same level of turnover as in 2014.
- If, contrary to expectations, the divestment of the Telecom business is not completed, the operating profit (EBIT) outlook before any impairment of goodwill will not be affected.

Annual general meeting
The annual general meeting will be held on 29 April 2015 at 3 pm at Dantherm A/S, Marienlystvej 65, Skive, Denmark. The Board of Directors proposes that no dividend be paid for 2014.

The complete annual report is enclosed with this company announcement and is also available on the Dantherm A/S website, www.dantherm.com.

Any enquiries concerning this announcement can be directed to President & CEO Torben Duer on tel. +45 99 14 90 14.

ANNUAL REPORT 2014

Dantherm
CONTROL YOUR CLIMATE

CONTENTS

DANTHERM

Dantherm was founded in 1958 by Ejlert Olsen, the company's first product being a warm air heater for heating workshops and industrial buildings.

In the course of the following years, the product portfolio was extended to also include dehumidifiers, ventilation products, mobile heating and cooling units (the HVAC segment) and climate control products for the telecom industry (the Telecom segment)

Today, Dantherm is divided into two business segments: HVAC (Heating, Ventilation, Air Conditioning) and Telecom.

Within HVAC, Dantherm is an important European provider of products and solutions based on more than 50 years of experience within the heating, ventilation, cooling and dehumidification of air.

Within Telecom, Dantherm is a leading global supplier of climate control products for radio base stations in telecom networks. In March 2014, Dantherm entered into an agreement on the divestment of the Telecom business segment, but completion of the divestment and the sale still has not been finalised.

Dantherm's special competencies comprise extensive know-how within climate control, product development expertise and state-of-the-art production and test facilities in Europe, Asia and North America.

Dantherm's markets are driven by increased focus on indoor climate and energy efficiency, which supports the ambition to increase the company's value through growth in revenue and earnings.

Dantherm is domiciled in Skive, Denmark and has been listed on NASDAQ OMX since 2002.

CONTROL YOUR CLIMATE

DANTHERM'S BUSINESS AREAS

DEHUMIDIFICATION

For more than 40 years, Dantherm has been a reliable and competitive supplier of stationary and mobile dehumidifiers, primarily for professional customers. Dantherm supplies high-quality dehumidifiers with long useful lives and low kW consumption per litre of condensed water.

MOBILE HEATING AND COOLING

For three decades, Dantherm's mobile heating and cooling solutions have been the preferred choice for military and humanitarian camps worldwide, and the Dantherm range has been adopted as a NATO standard. All units are produced at Dantherm's manufacturing facilities in Denmark and are built to comply with business requirements.

VENTILATION

Dantherm's ventilation systems are based on more than 35 years experience and are built on single-minded dedication to energy-efficiency, durability, reliability and low lifecycle costs. Our range of systems are equipped with advanced heat recovery technology and are built to provide superior ventilation in indoor swimming pools, leisure and shopping centres, hotels, schools, private homes and more.

ELECTRONICS COOLING

Dantherm has for more than 20 years been a significant supplier to network operators and suppliers of climate control in shelters, cabinets and rooms containing sensitive electronic equipment. Dantherm's product range comprises reliable and energy-efficient electronics cooling systems that drive down costs and maximize uptime.

KEY FIGURES AND RATIOS

DKK '000	2014	2013	2012	2011	2010[1]
FINANCIAL HIGHLIGHTS					
Income statement:					
Revenue	441,001	481,525	482,057	550,312	464,626
Earnings before depreciation, amortisation etc. (EBITDA)	13,006	23,308	12,516	43,387	31,717
Earnings before impairment of goodwill (EBITA)	-7,751	5200	-6,172	22,528	6,854
Goodwill impairment	-11,037	0	0	0	0
Operating profit/loss (EBIT)	-18,788	5,200	-6,172	22,528	6,854
Net financials	-14,828	-15,540	-11,747	-12,771	-20,701
Profit/loss from continuing operations before associates	-33,616	-10,340	-17,919	9,757	-13,847
Share of loss after tax in associates	0	-18,527	0	0	-30,686
Profit/loss from continuing operations before tax	-33,616	-28,867	-17,919	9,757	-44,533
Net loss for the year from discontinued operations	0	0	0	-1,423	-1,945
The group's share of the loss for the year	-28,544	-28,040	-16,523	4,278	-43,850
Balance sheet at year-end:					
Working capital	61,448	70,316	61,755	92,267	87,622
Net interest-bearing debt, credit institutions	209,086	203,157	188,326	187,081	186,865
Balance sheet total	387,492	404,546	415,138	462,688	457,389
Equity	59,630	86,649	111,900	129,550	128,777
Invested capital including goodwill	268,716	289,806	300,226	316,631	315,642
Cash flows:					
Cash flow from operating activities	10,186	-347	19,829	19,775	3,176
Cash flow from investing activities	-16,318	-15,200	-20,434	-19,857	100,499
– Of which acquisitions/sales of subsidiaries and activities	0	0	0	-645	107,289
– Of which acquisitions of property, plant and equipment	-1,101	-1,516	-2,590	-2,499	-933
Cash flow from financing activities	-6,057	-6,854	-10,845	-12,797	-68,618
Cash flow from discontinued operations	0	0	0	-1,005	60,350
RATIOS					
Financial ratios:					
Growth rate	-8.4%	-0.1%	-12.4%	18.4%	7.8%
Profit margin	-4.3%	1.1%	-1.3%	4.1%	1.5%
Return on invested capital	-2.9%	1.8%	-2.0%	7.1%	1.5%
Equity interest	15.4%	21.4%	27.0%	28.0%	28.4%
Average number of employees	460	491	548	585	537
Share-related ratios:					
Earnings per share (EPS), DKK	-4.01	-3.94	-2.32	0.60	-6.17
Diluted earnings per share (EPS-D), DKK	-4.01	-3.94	-2.32	0.60	-6.17
Cash flow per share, DKK	1.43	-0.05	2.79	2.78	0.45
Dividend per share, DKK	0.00	0.00	0.00	0.00	0.00
Equity value at year-end, DKK	8.3	12.1	15.6	18.0	18.1
Share price at year-end, DKK	9.2	14.2	14.7	13.9	18.0
Price/equity value	1.11	1.18	0.94	0.77	1.00
Number of shares of DKK 10 each at year-end ('000) (2007-2010: DKK 50)	7,191	7,191	7,191	7,191	7,191

1 Financial highlights for 2010 (divestment of Dantherm Filtration group, among others) adjusted for discontinued operations. Accounting figures, including comparative figures, have been restated and presented according to IFRS 5.

The ratios are prepared in accordance with the Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2010' and IAS 33. Reference is also made to the ratio definitions on page 62.

MANAGEMENT INTERVIEW

WHY HAS CLOSING OF THE DIVESTMENT OF TELECOM NOT HAPPENED?
As reported in company announcement no. 3 of 24 March 2014, Dantherm has entered into an agreement on the divestment of the Telecom business segment to China Technologies Holdings Group Co., Ltd. (Hong Kong). The activities in the Telecom segment were therefore classified as discontinuing operations, and this classification was used in the interim reports in 2014.

Contrary to expectations, the buyer has not yet been unable to obtain the necessary approvals for the deal to go ahead.

… AND WHAT DOES IT MEAN FOR THE FINANCIAL STATEMENTS FOR 2014?
It means that the financial statements are presented in the same way as in 2013. The classification of continuing (HVAC) and discontinuing (Telecom) operations seen in the interim financial statements in 2014 has thus not been maintained as the criteria for the classification of the activities in the Telecom business segment as discontinuing operations have not been satisfied.

HAS THE SALE OF THE TELECOM BUSINESS SEGMENT BEEN CANCELLED?
No, the sale has not been cancelled, and the buyer is still working on obtaining the necessary approvals. However, due to the protracted closing process, we have found that the criteria for the classification of the Telecom business segment as discontinuing operations have not been satisfied; we have therefore decided to present the financial statements as described above.

... AND HOW DOES THE DELAYED CLOSING AFFECT DANTHERM?
The Telecom business was unprofitable in 2014, and the delayed closing therefore had a negative impact on Dantherm's operations.

Investments made in market and product development in recent years in respect of network operators have not resulted in the expected revenue growth.

... AND THE FINANCING?
Due to the delayed closing, Dantherm has been unable to repay the operational financing under the committed facilities with the credit institutions as expected.

As a consequence of the postponed closing of the Telecom divestment, in March Dantherm renegotiated its agreement on committed facilities with the primary credit institutions, which expires on 31 March 2015. The credit institutions have undertaken to extend the committed facilities until January 2016. The agreed credit facilities are on a par with the expected cash needs. Dantherm's management will continue to assess opportunities for strengthening Dantherm's capital base.

HOW DID THE HVAC BUSINESS DEVELOP IN 2014?
The HVAC business segment generated revenue of DKK 312m, which all in all is 5% lower than in 2013, but slightly better than the most recently announced outlook for the year. Revenue for H1 was weaker than in 2013, while H2 was on a par with 2013 with Q4 at a higher level than in 2013. Within dehumidification, sales declined due to the market situation in Eastern Europe. For ventilation and

Torben Duer
President & CEO

Jørgen Møller-Rasmussen
Chairman

mobile heating and cooling, revenue was on a par with 2013, while growth was seen in home ventilation.

... AND THE TELECOM BUSINESS?

The Telecom business segment generated revenue of DKK 176m, down 8% on 2013. The decline is primarily attributable to lower sales to network suppliers, while sales to network operators in the Americas and Europe grew as a result of Dantherm's investments in market presence and new products for this particular customer segment in recent years.

... AND DANTHERM?

Revenue of DKK 441m was generated for 2014, equating to an 8% fall relative to 2013. An operating loss (EBIT) of DKK 18.8m was posted for 2014 against a profit of DKK 5.2m in 2013. The operating result for 2014 was negatively affected by impairment of Telecom goodwill of DKK 11.0m, severance payments of DKK 3m for as well as costs associated with the divestment of the Telecom business in the amount of DKK 2.2m.

Dantherm's most recently announced outlook was based on a classification into continuing and discontinued operations. Revenue and operating result for the operations classified as continuing were slightly better than the most recently announced outlook for the year.

WHAT IS THE MARKET OUTLOOK FOR HVAC?

In recent years, HVAC has seen stable revenue, but with fluctuations within the four business areas. In the coming years, the ventilation market is expected to continue to grow as a result of an increasing focus on the importance of our indoor climate and on energy efficiency. Within dehumidification and mobile heating, the outlook is influenced by low economic growth in Europe, and focus is therefore on growth opportunities in new markets and customer segments.

... AND FOR TELECOM?

Telecom has two customer groups – network suppliers and network operators. The market is characterised by a growing interest in energy-efficient climate control solutions, and efforts therefore remain focused on developing products which meet the customers' cooling requirements while at the same time reducing energy consumption. In recent years, Dantherm strengthened its market efforts in Europe and the USA, focusing on network operators, and new cooling and free-cooling products were launched.

IS THERE STILL A NEED TO STRENGTHEN THE CAPITAL RESOURCES?

Yes, the possibilities for strengthening the capital resources will be assessed continually with a view to creating the best possible framework conditions for the strategic development of Dantherm.

WHAT HAPPENED WITHIN CR IN 2014?

In 2014, Dantherm worked on an action plan, among other things, designed to ensure a more strategic approach to the company's Corporate Responsibility (CR) activities. In future, Dantherm will focus on strategic CR activities within Products, Processes and Employees.

2014 saw the implementation of Dantherm's internal Code of Conduct in the company. Via presentations and dialogue, many of the group's employees have learnt about and gained an understanding of Dantherm's ethical guidelines. The implementation of the Code of Conduct will continue and also be included in the introductory programme for new employees.

HOW IS IT GOING WITH DANTHERM POWER?

The activities in Dantherm Power comprise the development and sale of fuel cell products for backup power plants, primarily to the telecom industry and CHP units for private homes. Revenue was on a par with 2013, whereas the development of the business was weaker than expected in 2014. There is plenty of scope for developing the Dantherm Power activities, but we are still dependent on the fuel cell technology making more advances as an alternative to battery-driven backup power plants, in particular.

WHAT IS THE OUTLOOK FOR 2015?

With the cost cuts achieved in 2014 within the HVAC business segment, in 2015 Dantherm expects to post an improved operating profit (EBIT) to the level of DKK 5-10m based on the same level of turnover as in 2014.

THANK YOU

On behalf of the Board of Directors and the Board of Executives, we would like to thank our customers, shareholders and business partners for their loyalty to Dantherm in 2014.

Also, a heartfelt thank-you to Dantherm's employees for their dedicated and hard work the group. ■

STRATEGY

In 2014, Dantherm's management continued to focus on the strategic initiatives which are to help the company realise its objective of growth in revenue and earnings for the different business areas.

AMBITION

Dantherm's ambition is to increase the company's market value by increasing earnings and strengthening its market position to achieve growth in revenue, thereby making Dantherm more attractive to our shareholders, customers and employees.

FOUNDATION

The ambition is based on a strong foundation which comprises Dantherm's sales and production set-ups in Europe and markets of a significant size and potential.

FOCUS AREAS

Dantherm's strategy is based on four focus areas: Market presence, product development, cost efficiency and capital structure. An important precondition for realising the strategy is the strengthening of the existing capital resources.

Market presence:

The strategy for the coming years is to establish Dantherm in selected markets through the targeted expansion of our dealer network and our own organisation. This will bring us closer to our customers and enable us to better support our partners.

Product development:

Dantherm already devotes considerable resources to product development in Denmark, China and the USA, based on a global product programme adapted to local needs and requirements.

Cost efficiency:

The strategy includes continuous improvement of administrative processes and manufacturing productivity. In addition, the strategy includes a reduction in materials consumption and other operating expenses.

Capital structure:

The strategy focuses on ensuring a capital structure which offers the best possibilities for investments in market presence and product development. This includes optimising the working capital and the invested capital. Dantherm will continue to assess opportunities which can contribute to further business development and a strengthening of the company's capital base.

OUTLOOK FOR 2015

The outlook for 2015 is based on the divestment of the Telecom business being completed.

Market growth within HVAC is expected to remain moderate and impacted by developments in the European economy. Within several business areas, a certain growth is expected to be driven by increased focus on the indoor climate and energy efficiency, but growth within HVAC will primarily depend on winning market share.

With the cost cuts achieved in 2014 within the HVAC business segment, in 2015, Dantherm expects to post an improved operating profit (EBIT) to the level of DKK 5-10m based on the same level of turnover as in 2014.

If, contrary to expectations, the divestment of the Telecom business is not completed, the operating profit (EBIT) outlook before any impairment of goodwill will not be affected.

In 2015, the management will consistently focus on strengthening the company's capital resources.

DEHUMIDIFICATION

Dantherm's dehumidification activities (HVAC) comprise mobile dehumidifiers primarily for drying buildings, and stationary dehumidifiers for rooms with private pools and for wellness centres.

The products are for professional use and are sold through Dantherm's own sales companies and a broad European dealer network or through partners as white-label products.

DEVELOPMENTS IN 2014

In 2014, developments within dehumidification were disappointing with a 17% fall in revenue relative to 2013.

The fall in revenue is primarily attributable to the crisis in Russia and Ukraine, where sales declined.

Moreover, 2014 saw declining sales of own-brand and private-label mobile dehumidifiers to the main market in Germany, where investments in new plants were postponed.

Dantherm has a good market position within dehumidification in Norway and realised increasing sales in 2014, among other things based on good sales of Munters products distributed by Dantherm.

BUSINESS DEVELOPMENT

In 2014, Dantherm focused on developing its distribution in new markets in Eastern Europe. Moreover, Dantherm devoted resources to preparing for the new Customs Union of Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan which will come into force in 2015.

Dantherm has a close working relationship with major damage service businesses; in 2014 analyses were carried out to establish how these relations can be further developed.

The development of new products within stationary dehumidification is initiated and will contribute to business development in the coming years.

EXPERTISE

Dantherm's mobile and stationary dehumidifiers are based on more than 40 years of experience and single-minded dedication to energy efficiency, durable components, reliability and low lifecycle costs.

MOBILE HEATING AND COOLING

Dantherm's activities in the field of mobile heating and cooling (HVAC) include products for heating or cooling of tents and containers.

The products are used in military camps and relief camps, at field hospitals and in temporary accommodation for workers in the oil and gas industry. They are distributed through Dantherm's own organisation and a wide network of dealers.

DEVELOPMENTS IN 2014

Revenue within mobile heating and cooling was on a par with 2013. Activities in H1 were weak, whereas H2 was characterised by a good level of activity.

Activities within mobile heating and cooling are largely project-based, and in 2014 more than 20% of revenue was generated by new customers.

In 2014, Dantherm generated good sales to projects in Eastern Europe and also made several deliveries of products to field hospitals in Sierra Leone and other countries in West Africa where humanitarian organisations and other organisations have been involved in responding to the Ebola outbreak.

BUSINESS DEVELOPMENT

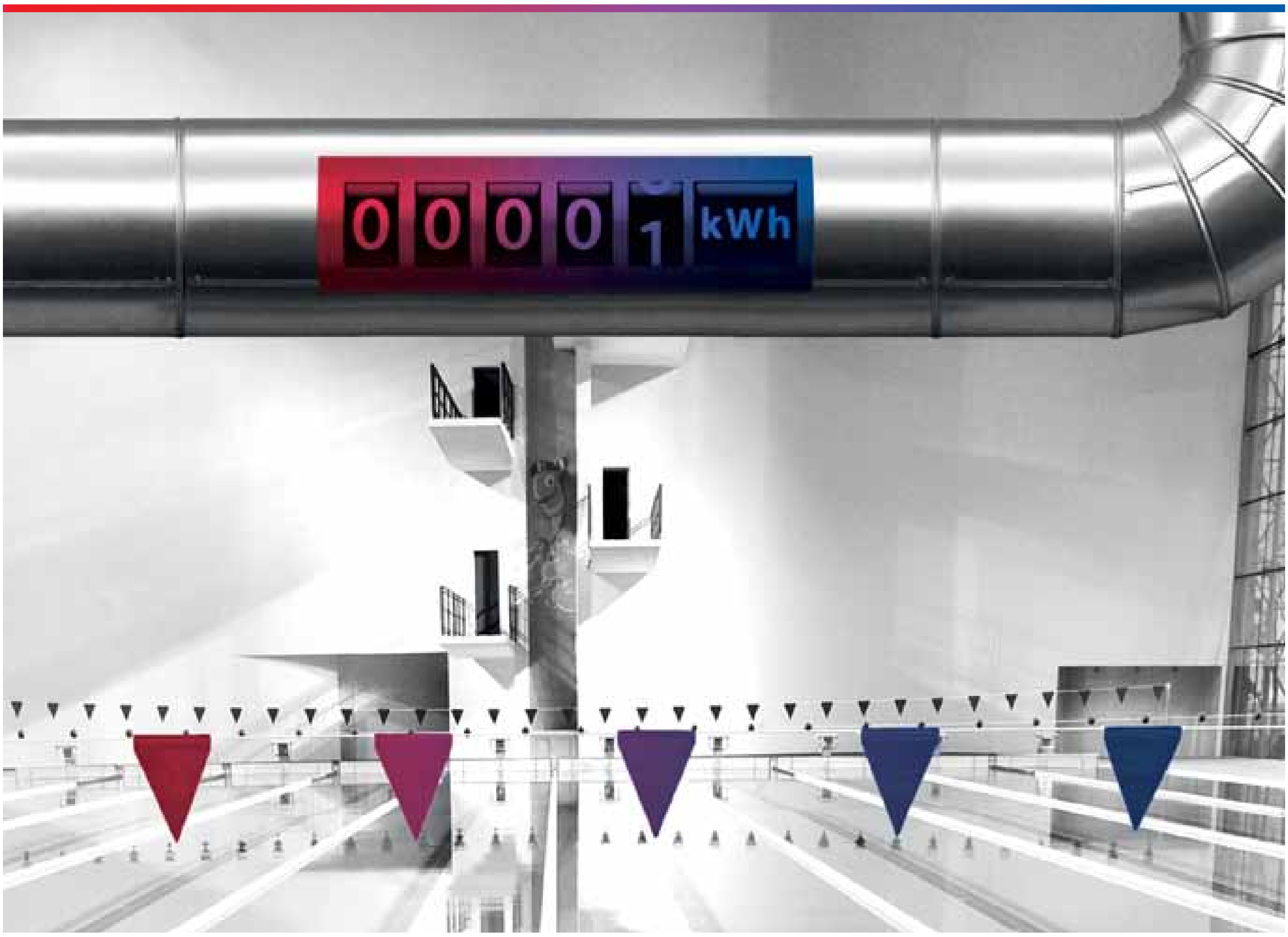
Dantherm is continuing its work to develop energy-efficient and cost-effective solutions without compromising on product reliability.

In 2015, a number of new products are expected to be introduced, which will ensure energy savings. The upgrades will increase operational performance and reduce fuel consumption, thereby cutting carbon emissions to the environment.

Business development also focuses on sales in new markets and on expanding the dealer network, both in Europe and outside Europe.

EXPERTISE

Dantherm's mobile heating and cooling solutions are based on more than 30 years of experience and single-minded dedication to energy efficiency, durable components, reliability and low lifecycle costs.



VENTILATION

Dantherm's activities within ventilation (HVAC) comprise home ventilation systems featuring energy-efficient heat exchangers and demand control and building ventilation systems featuring advanced heat recovery technology. The products are installed in private homes, flats, swimming pools, aqua parks, shopping centres, hotels, schools etc. and contribute to a healthy indoor climate. Sales are effected via partners as white-label products and via Dantherm's own sales companies and dealers in Europe.

DEVELOPMENTS IN 2014

2014 saw positive developments within the field of home ventilation with growth in revenue as well as growth in the number of units sold relative to 2013. The growth in revenue is attributable to sales of Dantherm brand products as well as sales of new products within both own-brand and white-label.

Revenue within building ventilation was on a par with 2013. Growth in Western Europe, with particularly positive developments in the French market, was countered by a decline in sales in Eastern Europe, where developments in Russia and Ukraine were weak.

In 2014, the combination of high energy efficiency and maximum comfort resulted in an increasing demand for Dantherm's ventilation products within the spa, wellness and fitness segment. The new compact units designed for small and medium-sized swimming pools succeeded in realising growing sales to existing and new markets.

BUSINESS DEVELOPMENT

General market growth is expected within home ventilation, driven by legislation stipulating less energy consumption in residential properties in the EU, as well as a growing focus on improving the indoor climate. Developments within building ventilation are still affected by a relatively low rate of new builds and new project start-up activity in Europe. Consequently, efforts are centred on energy renovation and optimisation of existing buildings and swimming pools.

Dantherm will continue to develop new products for existing and new customers, while concurrently developing new features for its product portfolio.

EXPERTISE

Dantherm's ventilation systems are based on more than 35 years of experience and single-minded dedication to energy efficiency, durable components, reliability and low lifecycle costs.

ELECTRONICS COOLING

Dantherm's activities within electronics cooling comprise climate control solutions for cooling, free cooling or air-to-air heat exchange. The products are used in technical rooms and cabinets housing temperature-sensitive electronics. They are specially designed to ensure high uptime and low energy consumption. Sales are via own sales companies and partners to telecom network operators and suppliers.

DEVELOPMENTS IN 2014

Developments within electronics cooling were weaker than expected in 2014. In Chine, sales to key customers were lower than expected, whereas sales in Europe and the USA developed positively. The sales department's increased focus on network operators has resulted in increasing sales to this customer group. At the same time, the number of test installations with major operators has gone up, which is an important precondition for realising growth in the coming years.

BUSINESS DEVELOPMENT

The market for electronics cooling is characterised by a growing interest in energy-efficient cooling solutions, and efforts therefore remain focused on developing products which meet the customers' cooling requirements while at the same time reducing energy consumption.

The scope of wireless communication grew in 2014 and steady growth is expected in the coming years, also driving the demand for more radio base stations and thereby a need for electronics cooling.

In recent years, Dantherm strengthened its market efforts in Europe and the USA, and new cooling and free-cooling products were launched.

EXPERTISE

Dantherm's climate control systems are based on more than 20 years of experience from the development and manufacture of cooling solutions for the telecom industry and single-minded dedication to energy efficiency, durable components, reliability and low lifecycle costs. Dantherm is therefore a preferred partner within the telecom segment.

SHAREHOLDER INFORMATION

THE DANTHERM SHARE

Dantherm's share price ended the year at DKK 9.2 against DKK 14.2 at the end of 2013. In 2014, the highest and lowest prices of the Dantherm share were DKK 17.9 and DKK 8.8 respectively. At the end of the financial year, the company's market value was DKK 66m against DKK 102m at the end of 2013. Turnover of the Dantherm share amounted to almost DKK 20m in 2014 compared to DKK 26m in 2013.

SHARE CAPITAL

At the end of 2014, Dantherm's share capital totalled DKK 71,905,740 distributed on 7,190,574 DKK 10 shares, with each carrying a single vote.

The Board of Directors has been authorised by the general meeting to increase the company's share capital in one or more rounds by up to a nominal value of DKK 28,094,260 through the subscription of new shares both with and without pre-emption rights for existing shareholders (without pre-emption rights at the market price). The authorisation is valid until 10 April 2018.

DIVIDEND POLICY

It is Dantherm's dividend policy that approx. 30% of the profit after tax is paid to the shareholders – however, always taking into account the group's financial and cash position as well as its investment and expansion plans. The company also aims to maintain an equity interest of at least 30%.

The Board of Directors proposes that no dividend be paid for 2014.

SHAREHOLDER COMPOSITION

At the end of the financial year, Dantherm had approx. 3,000 registered shareholders, and just over 90% of the total share capital in Dantherm was registered at the end of 2014.

TREASURY SHARES

The Board of Directors has been authorised by the general meeting to let the company buy treasury shares up to a total nominal value of 10% of the share capital. The consideration paid must not deviate by more than 10% from the currently listed share price at the time of the purchase.

The authorisation is valid up until the ordinary general meeting in 2016. As at 31 December 2014, the group's holding of treasury shares totalled 80,526 shares, corresponding to 1.1% of the share capital. The holding of treasury shares is unchanged from 31 December 2013.

WEBSITE

Dantherm encourages investors and other interested parties to visit the company's website at www.dantherm.com. It is also possible to request electronic information about the company from the website. This service is also available to interested parties who are not shareholders.

This annual report is also available online at www.dantherm.com, where published company announcements and further information about the company are also available.

INTERNAL REGULATIONS ABOUT INSIDER KNOWLEDGE AND TRADING IN THE COMPANY'S SHARES

In accordance with the Danish Securities Trading Act (*Værdipapirhandelsloven*), Dantherm maintains an insider register listing people who are considered to be privy to insider knowledge of the company by virtue of their position.

The company has prepared a set of internal regulations for these people and their related parties. The people covered by the internal regulations are members of the Board of Directors and the Board of Executives, and employees of Dantherm A/S. The rules also apply to other people outside Dantherm who work for or act on

INSIDER SHAREHOLDINGS

Dantherm shares held by insiders and their related parties as at 31 December 2014 are shown in the table.

D. F. Holding, Skive A/S is subject to the same restrictions on trading with the company's shares as the company and its Board of Directors.

Insider group	No. of shares	% of A/S capital	Market value (DKK '000)
Board of Directors and Board of Executives	887,899	12	8,169
Other insiders	2,769,997	39	25,484
Total insiders	3,657,896	51	33,653
Treasury shares	80,526	1	741
Total	3,738,422	52	34,394

behalf of the company and to employees in Dantherm's subsidiaries whose positions are expected to provide access to insider knowledge. The people specified above are only permitted to buy and sell shares in Dantherm for a period of four weeks after publication of the company's annual or interim financial reports.

At its meetings, the Board of Directors considers whether there are any matters that would prohibit members and other insiders from buying or selling Dantherm shares in the prescribed period.

INVESTOR RELATIONS POLICY

Dantherm aims to pursue an open information policy in relation to external stakeholders.

By providing information about the company's activities, strategies, outlook and risk position, Dantherm seeks to provide the stock market with an objective foundation for pricing the company's shares.

THE ANNUAL GENERAL MEETING WILL BE HELD ON WEDNESDAY 29 APRIL 2015 AT 3PM IN DANTHERM'S OFFICES AT MARIENLYSTVEJ 65, SKIVE, DENMARK.

To keep the company's shareholders and stakeholders in the financial market informed, the management will as a minimum strive to publish quarterly reports via NASDAQ OMX Copenhagen. In order to comply with these formal and informal commitments vis-à-vis the stock market – including NASDAQ OMX Copenhagen – the management will also immediately publish information about important circumstances which may be assumed to be material to the pricing of shares in Dantherm.

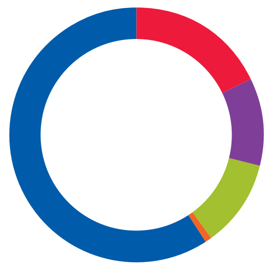
The management is positive about participating in meetings with investors, stockbrokers, share analysts, financial journalists etc. in order to keep them updated on the company's strategy and activities. However, in order to comply with its information obligations, Dantherm does not wish to participate in investor meetings for a period of three weeks prior to the publication of financial statements.

All registered shareholders in Dantherm will automatically receive invitations to general meetings.

The website www.dantherm.com is updated regularly and extended with relevant information to help present an up-to-date picture of the group.

SHAREHOLDER COMPOSITION

The following shareholders are included in the company's register under Section 55 of the Danish Companies Act (*Selskabsloven*). The stated ownership percentages are those registered by the company as at 31 December 2014.



- D. F. Holding, Skive A/S, Denmark - 18%
- Hans R. Olsen, UK - 11%
- Nils R. Olsen, Denmark - 11%
- Treasury shares - 1%
- Other shareholders - 59%

FINANCIAL CALENDAR FOR 2015

Announcement of financial statements 2014
27 March 2015

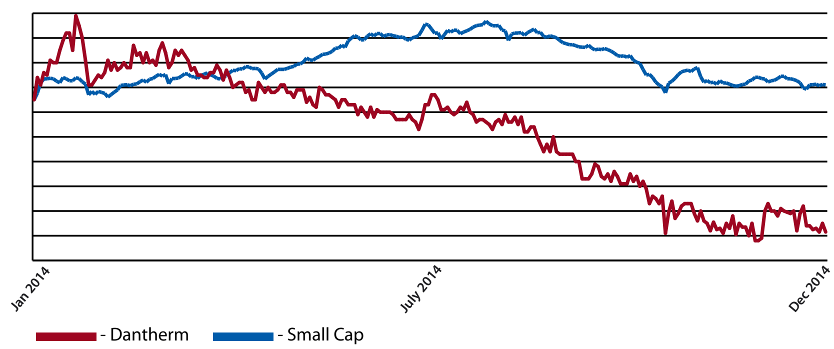
General meeting 2015
29 April 2015

Interim report Q1 2015
29 April 2015

Interim report H1 2015
19 August 2015

Interim report Q3 2015
28 October 2015

DANTHERM'S SHARE PRICE VS SMALL CAP



INVESTOR RELATIONS CONTACT

Torben Duer
President & CEO
Tel.: +45 99 14 90 00
Mail: investor@dantherm.com

CORPORATE GOVERNANCE

The Board of Directors and the Board of Executives of Dantherm A/S strive to ensure good corporate governance. Endeavours are made at all times to ensure that the group's management structure and control systems are expedient and satisfactory. At the company website: https://www.dantherm.com/gb/investor-relations/corporate-governance/, a report can be found which, in accordance with the Recommendations on Corporate Governance of 6 May 2013 (updated May 2014), describes the company's compliance with the individual recommendations as well as setting out the management's comments on the individual recommendations. Also included are the full statutory description of the main elements of the company's internal control and risk management systems in connection with the financial reporting process and a description of the composition of the governing bodies of the company and their functions.

In the opinion of the Board of Directors, the recommendations on corporate governance are complied with by Dantherm, with the exception of:

- The recommendations in item 3.5.1 on the conduct of an annual evaluation of the Board of Directors. The Board of Directors carries out regular, but not necessarily annual evaluations. The most recent evaluation was conducted in 2013, and an evaluation is planned for 2015.

- The recommendations in item 3.4 on the appointment of separate audit and nomination and remuneration committees. Based on the current size of the group and the Board of Directors, it is assessed by the Board of Directors that it is not expedient to appoint board committees, but that the whole Board of Directors is the natural place for discussions based on presentations by the chairmanship. The total Board of Directors therefore exercises the committee functions.

COMPOSITION AND DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors has seven members of whom four are elected for a period of one year at a time at the general meeting, while three members are elected by the group's employees in Denmark in accordance with Danish company legislation. The employee representatives have the same rights and obligations as the members elected by the annual general meeting and are elected for a period of four years. The most recent election among the employees was held in 2011. Half of the members of the Board of Directors elected at the annual general meeting are independent persons.

The Board of Directors carries out regular evaluations of the composition of the Board of Directors and the way it works and carries out its duties, among other things. This includes evaluating the cooperation between the Board of Directors and the Board of Executives. The latest evaluation was carried out in January 2013 with the assistance of an external consultancy firm. The evaluation was based on questionnaires and oral discussions, and the results were considered by the Board of Directors. As part of the Board of Directors' evaluation, an assessment is made of the composition of the Board of Directors, including also the issue of diversity and the need for special competencies. The Board of Directors is composed of experienced businessmen whose professional background and practical experience match the challenges facing the group. Further information about the composition and competencies of the Board of Directors can be found in the annual report's section on the Board of Directors.

The Board of Directors convenes at least eight times a year according to a fixed meeting schedule. One of these meetings is dedicated to determining the objectives and strategies of the group. Extraordinary meetings are held as required. Twelve board meetings were held in 2014. The Board of Directors' rules of procedure form the basis of its work.

REMUNERATION POLICY

The Board of Directors discusses and regularly assesses the principles for remuneration of the Board of Directors and the Board of Executives to ensure that they comply with the common practice for comparable companies and reflect the efforts required. To ensure matching interests between the Board of Executives, executive employees and the shareholders, an agreement has been made for bonus pay, which may constitute up to 40% of the basic pay. Moreover, bonus agreements may be made in relation to special projects. The payment of bonus is conditional upon the fulfilment of a number of agreed targets. No extraordinary severance programmes have been agreed with the Board of Executives or executive employees.

The Board of Directors receives a fixed remuneration. Remuneration may also be paid for tasks carried out by members of the Board of Directors for and at the request of the Board of Directors. This was the case once in 2013 and 2014.

The remuneration paid to the management is described in further detail in note 4 to the consolidated financial statements.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN CONNECTION WITH FINANCIAL REPORTING

The Board of Directors and the Board of Executives hold the overall responsibility for the Dantherm group's risk management and internal controls in connection with the financial reporting process. The Board of Directors and the Board of Executives also hold overall responsibility for ensuring compliance with relevant legislation and other rules and regulations relating to the financial reporting. The Board of Directors and the Boards of Executives make a priority of continually ensuring good risk management and internal controls in connection with the financial reporting process.

The group's risk management and internal controls are designed to effectively manage and eliminate the risk of errors and omissions in connection with the financial reporting. The group's risk management and internal control systems in relation to the financial reporting provide reasonable, but not absolute, assurance that misappropriation of assets, losses and/or significant errors and omissions in the financial reporting are avoided. The Board of Directors and the Board of Executives regularly assess significant risks and internal controls in relation to the group's operations and their potential impact on the financial reporting process.

RISK MANAGEMENT

Dantherm's activities involve a number of business-related and financial risks which may impact the group's activities and results.

It is the management's objective – via established policies and procedures – to counter and limit the risks which can be influenced through the company's own actions.

The aim of risk management is not to eliminate all risks, but to actively decide which risks can be accepted and controlled and which should be avoided entirely.

The Board of Directors discusses the group's risks once a year as a minimum, and assesses whether the risks have changed and whether the established measures need adapting.

BUSINESS-RELATED RISKS

MARKET CONDITIONS

With approx. 90% of its revenue being generated outside Denmark, Dantherm is reliant on developments in the global economy.

Within the HVAC segment, most products are sold in Europe, and sales in several business areas are influenced by investments within the building sector.

Within Telecom, products are sold globally. Sales are influenced by investments in the expansion and upgrading of telecom networks. The investments involved are usually substantial, and sales are therefore volatile and depend on the timing of projects.

Dantherm focuses on reducing this dependency and sales volatility by diversifying its activities to include more business areas and customer groups and through increased sales on existing and new markets.

CUSTOMER RELATIONS

Sales to network suppliers within Telecom are limited to a relatively small number of customers.

Sales within home ventilation (HVAC) are limited to a small number of customers.

Dantherm focuses on reducing its dependency on individual customers by diversifying its activities to include more business areas and customer groups.

SUPPLIER RELATIONS

Dantherm aims to create long-term supplier relations and depends on deliveries from certain suppliers.

In its choice of suppliers of products and components of critical importance to business, it is general group policy to work, whenever possible, with at least two suppliers to ensure independence, competitiveness and, not least, reliability of supply.

TECHNOLOGICAL DEVELOPMENT

Dantherm operates in sectors characterised by ongoing technological product development where the focus is on the products' energy efficiency, making this area an important competition parameter for the group. Dantherm is positioned as a high-end supplier and consequently focuses on differentiation in relation to competitors offering lower prices.

Efforts are therefore being made within all business areas to develop the right solutions for customers to ensure that new products are available to replace those which are at the end of their product life cycle, and so that Dantherm remains competitive.

PRODUCT WARRANTIES

Dantherm's terms and conditions of trade with customers include product warranties. This entails a risk of costs for re-deliveries or repairs of sold products. Dantherm seeks to minimise these risks through quality control in production, through the contractual terms agreed with customers and suppliers and through insurance cover.

INSURANCE

Dantherm is covered by an extensive insurance programme which is continuously being revised in cooperation with an independent insurance broker.

The insurance programme is based on Dantherm's insurance policy, which has been approved by the Board of Directors, and where deemed financially sound, the company seeks to ensure that risks are covered by insurance, in so far as possible.

FINANCIAL RISKS

The overall framework for managing the financial risks has been defined by the Board of Directors. It is group policy to identify and hedge all significant financial risks in an expedient way and not to engage in active speculation in financial risks. Reference is made to the description in note 25.

Reference is made to the description on the website of the group's internal control and risk management systems in connection with the financial reporting process.

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

One element in the group's financial planning is to always ensure the presence of adequate financial resources, while at the same time minimising capital costs.

Therefore, the group seeks to organise its financing so as to have adequate credit facilities at its disposal to implement the growth strategy.

In 2013, Dantherm's Board of Directors initiated an analysis of the possibilities for strengthening the capital structure and thereby strengthening business development in the group. As part of the process, Dantherm in March 2014 concluded an agreement on the divestment of the Telecom business.

As a consequence of the postponed closing of the Telecom divestment, in March Dantherm renegotiated its agreement on committed facilities with the primary credit institutions, which expires on 31 March 2015. The credit institutions have undertaken to extend the committed facilities until January 2016. The agreed credit facilities are on a par with the expected cash needs.

Dantherm's management will continue to assess opportunities for strengthening Dantherm's capital base.

CURRENCY RISKS

It is group policy to hedge all significant commercial currency risks arising from contracts in foreign currencies where the cash flow can be predicted with sufficient accuracy.

Hedging is done according to an individual assessment of the contract and volatility in the currency. Currency risks in relation to the valuation of foreign net investments are generally not hedged.

INTEREST RATE RISKS

Part of the group's financing consists of variable-interest loans. This involves a risk of interest payments changing, both in the short and in the long term, and affecting the group's results.

The company regularly assesses the expediency of entering into agreements to wholly or partly hedge such interest rate risks. An agreement has therefore been made which hedges the interest rate risk on the lease on the building in Skive, Denmark. At the end of 2014, the fixed-rate portion of the total debt amounted to 41% against 46% at the end of 2013.

CREDIT RISKS

Dantherm continually assesses the financial situation of the company's customers and business partners, and considerable debtor insurance is taken out in the individual companies based on individual assessments. Overall, approx. 37% of the debtor balance as at 31 December 2014 was insured, against 37% at the end of 2013.

CORPORATE SOCIAL RESPONSIBILITY

CONTROL YOUR CLIMATE

Dantherm's Corporate Responsibility (CR) efforts – like its core business – are based on the core promise CONTROL YOUR CLIMATE.

Dantherm wants to contribute to improving the climate, for example the working climate in the company, but also the external climate to which Dantherm's products can make a difference.

Dantherm's CR policy can be found on the website: https://www.dantherm.com/gb/about/corporate-responsibility/policies/cr-policy/

CR IN 2014

In the course of the year, the working group which was set up at the end of 2013 started work on the strategic part of CR.

Among other things, work was done on an action plan designed to ensure a more strategic approach to CR, and a summary was made of the CR activities in which the company is already engaged.

Based on a stakeholder analysis conducted in 2013, it has been decided that the CR activities will focus on the areas below to support Dantherm's business strategy and provide the greatest possible commercial and socio-economic value.

- **Products** – development of more energy-efficient products and sales-oriented measures.
- **Processes** – the company's environmental and climate-related efforts focus, for example, on accidents at work and environmental improvements.
- **Employees** – work on human rights, education, job satisfaction and other initiatives for employees.

PRODUCTS

Dantherm is working consistently to improve its product portfolio. In 2014, focus was, among other things, on replacing compressors in several products, which has resulted in energy savings for our customers of more than 10% for dehumidifiers and ventilation solutions.

In 2014, our home ventilation systems were also further developed to comply with the noise requirements in the BR10 building regulations, and with energy consumption levels which are fully compliant with the energy efficiency requirements in BR20 (Building class 2020).

Compliance with building class 2020 is expected to become a statutory requirement in connection with the construction of new public buildings from the end of 2018 and the construction of other new buildings from the end of 2020.

The Danish government wants the energy consumption in new buildings to be reduced by 75% in 2020. This will call for even more efficient ventilation solutions with the least possible environmental impact.

PROCESSES

Dantherm obtained environmental certification in 2000, and was recertified in accordance with ISO 14001 in Denmark in 2014.

The other companies in the Dantherm group are sales and service companies and follow Dantherm's environmental policy.

The environmental policy can be viewed on the website here: https://www.dantherm.com/gb/about/corporate-responsibility/policies/environmental-policy/

Dantherm's environmental efforts are part and parcel of our working lives, and each year a number of environmental targets are set and reported on.

In 2014 – like in 2013 – focus was on energy optimisation, especially optimisation of electricity and natural gas consumption.

The working group aims to define a number of environmental indicators which can provide a precise picture of the company's environmental impact.

EMPLOYEES

Dantherm was nominated for the United Federation of Danish Workers' (3F) 'Workplace of the Year 2014' award. Dantherm earned an impressive third place in a strong field of four highly qualified nominees; Dantherm's work with education, the working environment, health and retention of ill employees will be undiminished. Dantherm's mentor scheme was one of the reasons why Dantherm was nominated for the 'Workplace of the Year 2014' award.

The efforts to retain, for example, employees with chronic diseases continue, and in 2014 9.8% of Dantherm's employees in Skive were employed on non-standard terms and conditions; the target is 10%.

In spring 2014, a survey of employee well-being was conducted in cooperation with the Joint Industrial Council for Technology and Cooperation (TekSam) set up by the Confederation of Danish Industry (DI) and the Central Organisation of Industrial Employees in Denmark (CO-industri).

A response rate of just under 83 was achieved. In 2015, the liaison committee at Dantherm Air Handling in Skive will continue working with the one area which showed a lower score than the national average.

In the course of 2014, Dantherm's internal Code of Conduct was implemented. 60% of the Dantherm group's employees in Skive, Denmark have learnt about and gained an understanding of Dantherm's ethical guidelines.

Dantherm's Code of Conduct is based on the United Nations Global Compact and also contains sections on accountability, accounting policies and confidential information.

The dissemination of information about Dantherm's anti-corruption policy and the training of employees will continue, and new employees will also be introduced to Dantherm's Code of Conduct.

Dantherm's anti-corruption policy can be found on the website https://www.dantherm.com/gb/about/corporate-responsibility/policies/anti-corruption-policy/

Human rights

Dantherm does not have a policy for human rights but has covered the subject in the internal Code of Conduct and is committed to the UN principles.

GENDER COMPOSITION

In 2013, Dantherm's Board of Directors adopted the following objective for the proportion of the under-represented gender in the senior executive body (members of the Board of Directors elected by the general meeting):

At the present time, Dantherm A/S has four members of the Board of Directors elected by the general meeting who are all men. It is the objective of Dantherm that, by the general meeting in 2016 at the latest, a minimum of one female member is nominated for election by the general meeting.

At the other management levels in Dantherm in Denmark, female managers represent 40% and are therefore not under-represented. Dantherm has drawn up a policy which will help to ensure equal opportunities in connection with recruitment.

The policy can be found on the website: https://www.dantherm.com/gb/about/corporate-responsibility/policies/gender-quota-policy/

OBJECTIVE

In 2015, the working group will continue its work on the above-mentioned action plan and the three focus areas – Products, Processes, Employees – with the aim of ensuring that the company's future CR activities support its business strategy, while at the same time resulting in greater socio-economic value.

It must be decided which measurements are most relevant for Dantherm's CR activities, and in 2015 efforts must be devoted internally to make the CR concept more tangible and comprehensible for the employees, thereby turning them into Dantherm ambassadors.

In addition, Dantherm's internal Code of Conduct must be implemented in the sales and service companies in Norway and the UK.

IMPLEMENTATION OF INTERNAL CODE OF CONDUCT

In 2014, Dantherm's CR coordinator organised meetings for the various Dantherm departments as part of the implementation of Dantherm's internal Code of Conduct. The meetings took the form of either 'pallet' meetings in production or departmental meetings for office staff. All participants were given a copy of the Code of Conduct, and in addition to a presentation, the meetings included dialogue on how we treat each other and what constitutes good ethics and morals both at work and outside the workplace. Moreover, the employees had a chance to consider a variety of difficult dilemmas, for example bullying and bribery, while office staff were given exercises about anti-corruption. The implementation process will continue, and new employees will also be introduced to Dantherm's internal Code of Conduct.

FINANCIAL REVIEW

On 24 March 2014, Dantherm concluded a binding share transfer agreement on the divestment of the Telecom business segment.

In Dantherm's interim report, the activities comprised by the share transfer agreement (Telecom) were classified as discontinued operations. Contrary to expectations, the buyer has so far been unable to obtain the necessary approvals for the deal to go ahead, and the annual report has therefore been presented without a classification of activities into continuing and discontinued operations.

CONSOLIDATED INCOME STATEMENT

REVENUE

Revenue of DKK 441.0m was generated for 2014, equating to an 8% fall relative to 2013. Revenue figures for HVAC and Telecom were 5% and 8% down on 2013, respectively.

Dantherm's most recently announced outlook was based on a classification into continuing and discontinued operations. Revenue for the activities classified as continuing operations totalled DKK 306.3m, which is slightly better than the most recently announced outlook of revenue of about DKK 300m.

OTHER EXTERNAL EXPENSES AND STAFF COSTS

Other external expenses and staff costs have fallen as a whole by 4% from 2013 to 2014. The reduction is primarily attributable to the streamlining and optimisation of the administrative processes in Denmark. A resizing of the HVAC organisation in Denmark took place in Q4 2014, resulting in non-recurring items of DKK 3m for severance payments.

EBITDA

A profit before depreciation, amortisation, impairment losses and write-downs of DKK 13.0m was posted for 2014 against DKK 23.3m in 2013. The HVAC business segment realised an EBITDA of DKK 24.6m, while Telecom posted a loss of DKK 3.3m. In addition, a loss of DKK 8.3m in the form of undistributed items for the group was posted.

IMPAIRMENT OF GOODWILL

Impairment of goodwill totalled DKK 11.0m in 2014, assessed on the basis of the share transfer agreement concerning Telecom. No impairment of goodwill was identified in 2013.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation for the year totalled DKK 20.8m in 2014 against DKK 18.1m in 2013. Dantherm has state-of-the art production facilities, and investments in property, plant and equipment are therefore low. The increase in depreciation and amortisation can primarily be attributed to development projects as a result of high levels of activity in the development of new products.

OPERATING PROFIT/LOSS (EBIT)

An operating loss (EBIT) of DKK 18.8m was posted for 2014 against a profit of DKK 5.2m in 2013. The operating result for 2014 was negatively affected by impairment of goodwill of DKK 11.0m, non-recurring items of DKK 3m for severance payments as well as costs associated with the divestment of the Telecom business in the amount of DKK 2.2m.

Dantherm's most recently announced outlook was based on a classification into continuing and discontinued operations. The operating profit for the activities classified as continuing operations totalled DKK 2.0m, which is slightly better than the most recently announced outlook of about DKK 0m.

SHARE OF PROFIT/LOSS AFTER TAX IN ASSOCIATES

In 2013, the share of the profit/loss after tax in associates detracted DKK 18.5m from the profit before tax due to the write-down of Dantherm's ownership interest in Dantherm Power A/S to 0. As the ownership interest has been written down to 0, results were not affected in 2014.

NET FINANCIALS

In 2014, net financials represented a total net expense of DKK 14.8m against DKK 15.5m in 2013. The lower net expenses are due to market value adjustments, whereas interest expenses were higher in 2014 than in 2013.

TAX ON PROFIT/LOSS FOR THE YEAR FOR CONTINUING OPERATIONS

In 2014, tax on the profit/loss for the year amounted to income of DKK 5.1m against an expense of DKK 0.8m in 2013. The increase in income is attributable to tax refunds on development projects in Denmark and recognition of deferred tax assets in the subsidiary in China. At the end of 2014, Dantherm had unrecognised tax losses of DKK 197m (2013: DKK 192m).

NET PROFIT/LOSS FOR THE YEAR

Overall, the company posted a net loss for the year of DKK 28.5m, which is unsatisfactory. In 2013, a net loss of DKK 28.0m was posted.

CONSOLIDATED BALANCE SHEET

GOODWILL

Goodwill concerns the Telecom segment. In 2014, goodwill of DKK 58.5m is recognised in the balance sheet (2013: DKK 69.5m). The goodwill value in 2014 is based on the share transfer agreement concerning Telecom.

Due to the delayed closing of the divestment of the Telecom business, an updated business plan has been prepared, and Dantherm expects growth in earnings and cash flows as a result of restructurings and sales growth following investments made in market and product development in recent years. If the closing is not completed, impairment of goodwill by a considerable amount will have to be realised.

OTHER INTANGIBLE ASSETS

Other intangible assets total DKK 31.3m (2013: DKK 27.6m) and primarily concern development projects relating to the development of new products. Product development is a strategic focus area, and in 2014 Dantherm maintained its development activities with additions of DKK 12.8m on development projects.

PROPERTY, PLANT AND EQUIPMENT

The value of property, plant and equipment totalled DKK 103.9m against DKK 113.9m at the end of 2013, and the fall can be attributed to a low level of investment.

WORKING CAPITAL

At the end of the year, working capital amounted to DKK 61.4m, against DKK 70.3m at the end of 2013. Relative to revenue, the working capital amounted to 13.9% at the end of 2014 against 14.6% at the end of 2013. Dantherm takes a targeted approach to reducing working capital, and will continue to do so in 2015.

NET INTEREST-BEARING DEBT AND CASH RESERVES

The net interest-bearing debt amounted to DKK 209.1m at the end of 2014 against DKK 203.2m at the end of 2013.

Dantherm's unutilised cash reserves amounted to DKK 15m at the end of 2014 against DKK 13m at the end of 2013.

As a consequence of the postponed closing of the Telecom divestment, in March Dantherm renegotiated its agreement on committed facilities with the primary credit institutions, which expires on 31 March 2015. The credit institutions have undertaken to extend the committed facilities until January 2016. The agreed credit facilities are on a par with the expected cash needs.

Dantherm's management will continue to assess opportunities for strengthening Dantherm's capital base.

EQUITY AND EQUITY RATIO

Equity amounted to DKK 59.6m at the end of 2014 against DKK 86.6m at the end of 2013.

In 2014, equity was positively affected by DKK 1.5m as a result of foreign currency translation adjustments and adjustment of an interest rate swap in respect of the building financing in Skive, but overall negatively affected by DKK 13.4m as a result of the adjustment of an interest rate swap in respect of the building financing in Skive.

CONSOLIDATED CASH FLOW STATEMENT

Cash flows from operating activities amounted to DKK 10.2m against DKK -0.3m in 2013. The improvement is due to the reduction in working capital from 2013 to 2014.

Cash flows from investing activities amounted to DKK 16.3m in 2014, which is slightly higher than 2013.

Cash flows from financing activities relate to repayments of lease commitments on the property in Skive, amounting to DKK -6.1m in 2014, against DKK -6.9m in 2013.

Cash flows for 2014 amounted to DKK -12.2m against DKK -22.4m in 2013.

PARENT'S FINANCIAL STATEMENTS

INVESTMENTS IN SUBSIDIARIES

The carrying amount of investments in subsidiaries in the parent exceeds the valuation in the consolidated financial statements, and the cost does therefore not reflect the realised losses in recent years. At the end of 2014, an impairment of DKK 45.8m was made to the recoverable amount. At the end of 2013, an impairment of DKK 10.0m was made.

BOARD OF DIRECTORS

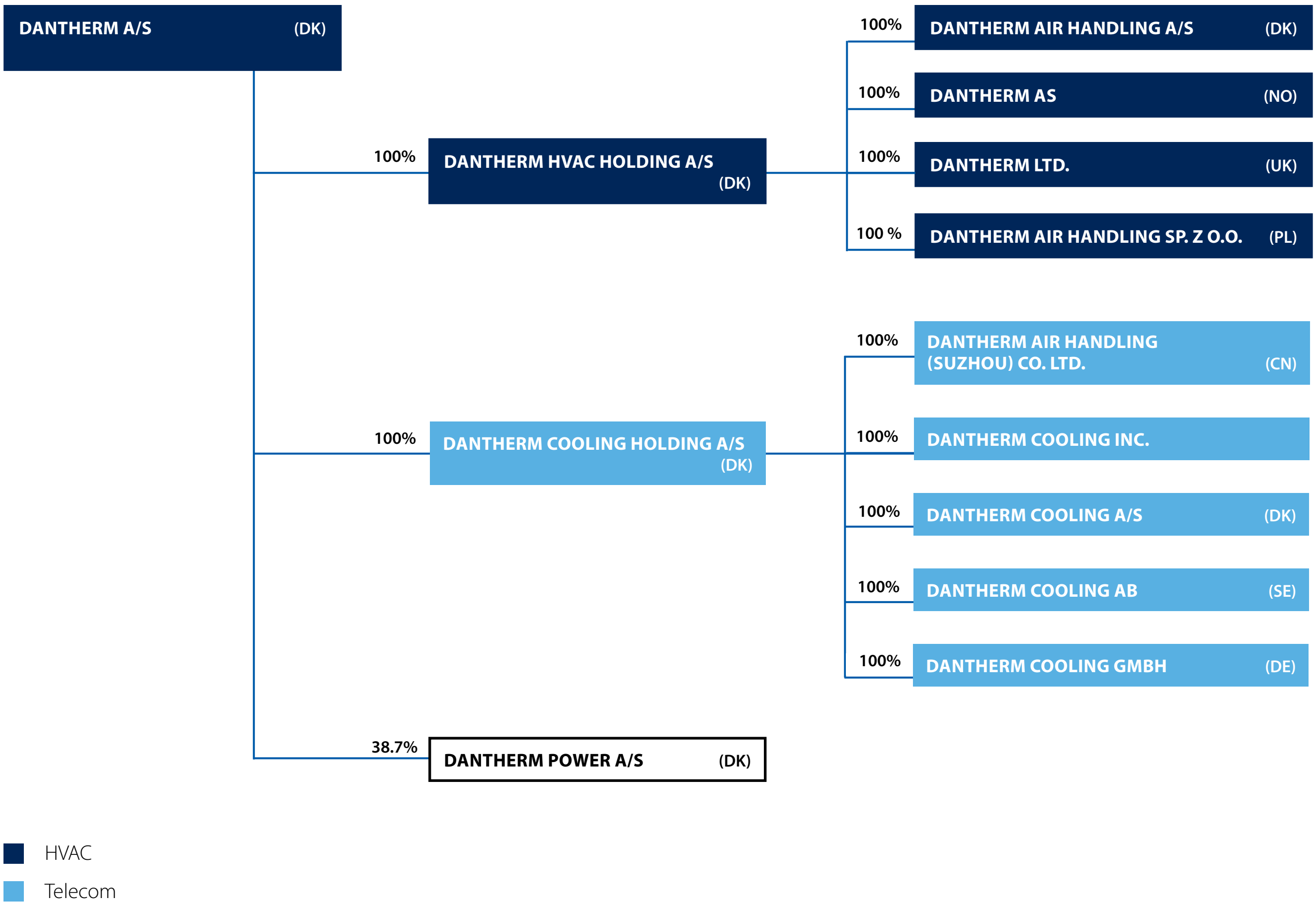
	Name/ Born	Elected/re-elected until	Holding Dantherm shares	Position	Competencies/other positions
	Jørgen Møller-Rasmussen Chairman Born 1947 Not independent	2002/2014 2015	2014: 5,000 2013: 5,000	CEO of IPL Holding A/S	Graduate engineer, Graduate Diploma in Business Administration. Former President & CEO of various large companies, most recently Dalhoff Larsen & Horneman, a listed company with extensive international activities. Considerable experience within the construction sector.
	Preben Tolstrup Deputy Chairman Born 1959 Independent	2008/2014 2015	2014: 50,070 2013: 50,070		**Chairman of the Board of Directors of**: Adept Water Technologies A/S, Stema Holding A/S, Pedax GmbH, Pedax Holding GmbH. **Member of the Board of Directors of**: Haelok AG, Pedax A/S, Lumigon A/S. BSc in Engineering, Executive MBA, former CEO of the Logstor Group, FLS Industries A/S and ABB Power Generation.
	Nils Rosenkrands Olsen Board member Born 1950 Not independent	2002/2014 2015	2014: 777,324 2013: 777,324	CEO of Blackwing Business Angels A/S	**Chairman of the Board of Directors of**: ASA Airline Software Applications ApS **Member of the Board of Directors of**: Blackwing Business Angels A/S Dantherm Foundation, D.F. Holding, Skive A/S. MSc in Economics & Business Administration Former CEO of Cimber Air Data A/S. Mainly engaged in entrepreneurial activities and board work.
	Henrik Sørensen Board member Born 1957 Independent	2014 2015	2014: 0 2013: 0	CEO of DESMI A/S CEO of Stenseminde Holding ApS CEO of Stenseminde ApS	**Chairman of the Board of Directors of**: Subsidiaries in the DESMI group. **Deputy Chairman of the Board of Directors of**: Novi Ejendomsfond, Novi Management A/S, A/S Peder Nielsen Beslagfabrik. **Member of the Board of Directors of**: DESMI A/S, Confederation of Danish Industry Aalborg (DI), Vækst Invest Nordjylland A/S, Dantherm Foundation, D.F. Holding, Skive A/S, Migatronic A/S, Borum Industri A/S. Metalworker, BSc in Engineering (P), former Division Manager in Novenco A/S, consultant at Danish Technological Institute, CEO of Rimatic.

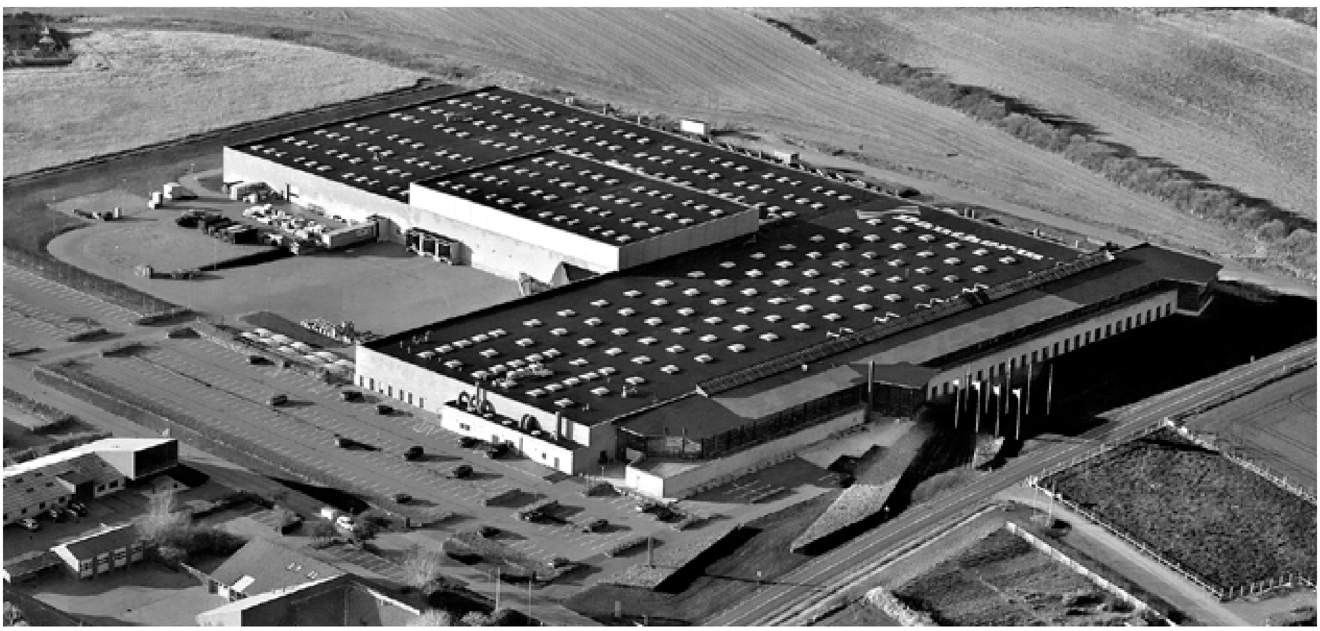
	Name/ Born	Elected/re-elected until	Holding Dantherm shares	Position	Competencies/other positions
	Conni-Dorthe Laursen (Employee representative) Born 1956	2007/2011 2015	2014: 105 2013: 105	Production employee, Dantherm Air Handling A/S	
	Per Friis Pedersen (Employee representative) Born 1956	2003/2011 2015	2014: 0 2013: 0	Production employee, Dantherm Air Handling A/S	
	Søren Østergaard Hansen (Employee representative) Born 1971	2011 2015	2014: 2,500 2013: 2,500	General Manager, Dantherm Cooling A/S	Member of the Board of Representatives of Salling Bank

BOARD OF EXECUTIVES

Name/Born	Appointed	Employment		Holding Dantherm shares	Competencies/other positions
Torben Duer Born 1963	November 2009	1987-1992 1993-2000 1997-2000 2001-2009	Executive secretary, CFO in DISA companies CEO in DISA companies in Germany and the UK CFO in Georg Fisher Disa group in Switzerland CEO of the Dantherm Filtration group	2014: 50,000 2013: 50,000	MSc in Economics, Aarhus University, 1987 **Chairman of the Board of Directors of:** The Danish-Swiss Chamber of Commerce **Member of the Board of Directors of:** Dantherm Power A/S KREMPEL GmbH **Member of the Board of Representatives:** Patria Genossenschaft
Bjarke Brøns Born 1975	April 2011 Member of the Board of Executives in March 2013	1999-2006 2006-2011	Accountant, audit manager, Andersen and Deloitte Executive secretary, CFO in Dantherm companies	2014: 2,900 2013: 2,900	MSc in Business Administration (Accounting and Auditing), Aarhus School of Business, 1999 State Authorised Public Accountant, 2004

GROUP CHART





Dantherm's headquarters and production facilities in Skive, Denmark

STATEMENT BY THE BOARD OF DIRECTORS AND THE BOARD OF EXECUTIVES ON THE ANNUAL REPORT

Today, the Board of Directors and Board of Executives have considered and approved the 2014 annual report of Dantherm A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the financial statements give a true and fair view of the group's and the company's assets and liabilities and financial position as at 31 December 2014 and of the results of the group's and the company's operations and cash flows for the financial year 1 January - 31 December 2014.

We also find that the management's review contains a true and fair review of the development in the group's and the company's activities and financial affairs, results, cash flows and financial position for the year as well as a description of the main risks and uncertainties facing the group and the company.

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

Skive, 27 March 2015

Direktion

Torben Duer
CEO

Bjarke Brøns
CFO

Bestyrelse

Jørgen Møller-Rasmussen
Chairman

Preben Tolstrup
Deputy Chairman

Nils R. Olsen

Henrik Sørensen

Søren Ø. Hansen
Employee representative

Conni Laursen

Conni-Dorthe Laursen
Employee representative

Per F. Pedersen
Employee representative

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Dantherm A/S

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS

We have audited the consolidated financial statements and the financial statements for Dantherm A/S for the financial year 1 January - 31 December 2014 comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies for the group as well as for the company. The consolidated financial statements and the financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

THE MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS

The management is responsible for the preparation and fair presentation of these consolidated financial statements and financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. The management is also responsible for the internal control deemed necessary to prepare consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the consolidated financial statements and financial statements based on our audit. We conducted our audit in accordance with international auditing standards and additional requirements laid down in the Danish Act on Approved Auditors and Audit Firms (*Revisorloven*). This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements and financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and financial statements. The audit procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the consolidated financial statements and financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements and financial statements. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements and 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 financial statements give a true and fair view of the group's and the company's assets, liabilities and financial position at 31 December 2014 and of the results of the group's and the company's operations and cash flows for the financial year 1 January - 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

EMPHASIS OF MATTER REGARDING MATTERS IN THE FINANCIAL STATEMENTS

Without modifying our opinion we draw attention to note 1 to the consolidated financial statements and note 1 to the parent company financial statements in respect of the accounting treatment of goodwill, stating that if the Telecom transaction, against expectations, is not carried out, goodwill related to the Telecom activities will have to be written down by a considerable amount.

STATEMENT ON THE MANAGEMENT'S REVIEW

As required by the Danish Financial Statements Act (*Årsregnskabsloven*), we have read the management's review. We have not performed any procedures other than the audit conducted of the consolidated financial statements and financial statements. Against this background, we believe that the information in the management's review is in accordance with the consolidated financial statements and the financial statements.

Aarhus, 27 March 2015

ERNST & YOUNG
Godkendt Revisionspartnerselskab

Finn L. Meyer
Jes Lauritzen

Finn L. Meyer	Jes Lauritzen
State Authorised	State Authorised
Public Accountant	Public Accountant

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

DKK '000	Note	2014	2013
Revenue	2	**441,001**	**481,525**
Other operating expenses	3	-2,218	-818
Costs of raw materials and consumables	4	-227,757	-252,137
Other external expenses	4	-46,133	-43,272
Staff costs	4, 5	-151,888	-161,990
Profit before depreciation, amortisation, impairment losses and write-downs (EBITDA)		**13,006**	**23,308**
Impairment of goodwill	10	-11,037	0
Depreciation and amortisation of property, plant and equipment and intangible assets		-20,757	-18,108
Operating profit (EBIT)		**-18,788**	**5,200**
Share of loss after tax in associates		0	-18,527
Financial income	6	1,717	2,344
Financial expenses	7	-16,545	-17,884
Loss before tax		**-33,616**	**-28,867**
Tax on profit/loss for the year	8	5,072	827
NET LOSS FOR THE YEAR		**-28,544**	**-28,040**
Distributed as follows:			
Shareholders of Dantherm A/S		-28,544	-28,040
		-28,544	**-28,040**
Earnings per share			
Earnings per share (EPS)	9	-4.0	-3.9
Diluted earnings per share (EPS-D)	9	-4.0	-3.9

STATEMENT OF COMPREHENSIVE INCOME

DKK '000	2014	2013
Net loss for the year	**-28,544**	**-28,040**
Other comprehensive income		
Items which may be reclassified to the income statement:		
Foreign currency translation adjustments arising from the translation of foreign enterprises	3,155	-2,086
Value adjustment of hedging instruments:		
Value adjustment for the year	-2,421	3,860
Value adjustments reclassified to financial expenses	791	1,015
Other comprehensive income after tax	**1,525**	**2,789**
Total comprehensive income	**-27,019**	**-25,251**
Distributed as follows:		
Shareholders of Dantherm A/S	-27,019	-25,251
Total comprehensive income	**-27,019**	**-25,251**

ASSETS

DKK '000	Note	31.12.14	31.12.13
Non-current assets			
Intangible assets			
Goodwill		58,490	69,527
Completed development projects		15,076	16,342
Patents and licences		1,750	2,265
Development projects in progress		14,456	8,998
Total intangible assets	**10**	**89,772**	**97,132**
Property, plant and equipment			
Land and buildings		87,102	92,282
Leasehold improvements		351	351
Plant and machinery		14,510	18,753
Other plant, fixtures and fittings, tools and equipment		1,775	2,194
Assets under construction		177	367
Total property, plant and equipment	**11**	**103,915**	**113,947**
Other non-current assets			
Investments in associates	12	0	0
Other securities and equity investments		2,467	0
Deferred tax assets	16	13,773	11,197
Other non-current assets, total		**16,240**	**11,197**
Total non-current assets		**209,927**	**222,276**
Current assets			
Inventories	13	90,979	97,989
Receivables	14	70,441	77,329
Receivables from associates	14	327	775
Income tax receivable	20	4,527	1,405
Prepaid expenses		2,000	1,600
Cash	24	9,291	3,172
Total current assets		**177,565**	**182,270**
TOTAL ASSETS		**387,492**	**404,546**

EQUITY AND LIABILITIES

DKK '000	Note	31.12.14	31.12.13
Equity			
Share capital	15	71,906	71,906
Hedging reserve		-13,426	-11,796
Foreign currency translation reserve		5,641	2,486
Retained earnings		-4,491	24,053
Total equity		**59,630**	**86,649**
Liabilities			
Non-current liabilities			
Provisions	17	498	504
Credit institutions	18	6,586	89,204
Total non-current liabilities		**7,084**	**89,708**
Current liabilities			
Provisions	17	2,161	2,282
Credit institutions	18	211,791	117,125
Trade payables and other payables	19	105,702	107,969
Income tax payable	20	751	813
Deferred income		373	0
Total current liabilities		**320,778**	**228,189**
Total liabilities		**327,862**	**317,897**
TOTAL EQUITY AND LIABILITIES		**387,492**	**404,546**
Contingent liabilities	21		
Security furnished	22		
Contractual obligations	23		
Notes without reference	25, 26, 27, 28, 29		

STATEMENT OF CHANGES IN EQUITY

	Shareholders of Dantherm A/S				
DKK '000	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total equity
Equity as at 1 January 2013	**71,906**	**-16,671**	**4,572**	**52,093**	**111,900**
Comprehensive income 2013					
Net loss for the year	0	0	0	-28,040	-28,040
Other comprehensive income					
Foreign currency translation adjustment, foreign enterprises	0	0	-2,086	0	-2,086
Value adjustment of hedging instruments:					
Value adjustment for the year	0	3,860	0	0	3,860
Value adjustments reclassified to financial expenses	0	1,015	0	0	1,015
Total other comprehensive income	0	4,875	-2,086	0	2,789
Total comprehensive income 2013	**0**	**4,875**	**-2,086**	**-28,040**	**-25,251**
Equity as at 31 December 2013	**71,906**	**-11,796**	**2,486**	**24,053**	**86,649**
Equity as at 1 January 2014	**71,906**	**-11,796**	**2,486**	**24,053**	**86,649**
Comprehensive income 2014					
Net loss for the year	0	0	0	-28,544	-28,544
Other comprehensive income					
Foreign currency translation adjustment, foreign enterprises	0	0	3,155	0	3,155
Value adjustment of hedging instruments:					
Value adjustment for the year	0	-2,421	0	0	-2,421
Value adjustments reclassified to financial expenses	0	791	0	0	791
Total other comprehensive income	0	-1,630	3,155	0	1,525
Total comprehensive income 2014	**0**	**-1,630**	**3,155**	**-28,544**	**-27,019**
Equity as at 31 December 2014	**71,906**	**-13,426**	**5,641**	**-4,491**	**59,630**

CASH FLOW STATEMENT

DKK '000	Note	2014	2013
Loss before tax		**-33,616**	**-28,867**
Adjustment for non-cash operating items etc.:			
Impairment of goodwill		11,037	0
Depreciation, amortisation, impairment losses and write-downs		20,757	18,108
Share of profit/loss after tax in associates		0	18,527
Other operating items, net		1,447	-2,086
Provisions		-127	-331
Financial income	6	-1,717	-2,344
Financial expenses	7	16,545	17,884
Cash flow from primary operations before changes in working capital		**14,326**	**20,891**
Change in inventories		7,010	-10,646
Change in receivables		6,936	-7,188
Change in trade payables etc.		-3,750	14,382
Cash flow from primary operations		**24,522**	**17,439**
Interest income received		1,717	537
Financial expenses paid		-16,545	-17,884
Cash flow from ordinary operations		**9,694**	**92**
Income tax received		492	-439
Cash flow from operating activities		**10,186**	**-347**
Purchase of intangible assets	10	-12,764	-13,740
Purchase of property, plant and equipment	11	-1,101	-1,516
Purchase of financial assets		-2,467	56
Disposal of property, plant and equipment		14	0
Cash flow from investing activities		**-16,318**	**-15,200**
Loan financing:			
Lease payments in respect of assets held under finance leases		-6,057	-6,854
Cash flow from financing activities		**-6,057**	**-6,854**
Cash flow for the year		**-12,189**	**-22,401**
Cash and cash equivalents, beginning of year		-107,893	-85,158
Market value adjustment of cash and cash equivalents		-294	-334
Cash and cash equivalents, year-end		**-120,376**	**-107,893**
Cash, year-end, comprises:			
Cash	24	9,291	3,172
Short-term bank debt	24	-129,667	-111,065
Cash and cash equivalents, year-end		**-120,376**	**-107,893**

NOTES

1. ACCOUNTING ESTIMATES AND ASSESSMENTS

On the calculation of the carrying amount of certain assets and liabilities, an estimate is required of how future events will affect the value of such assets and liabilities at the balance sheet date.

The management bases its estimates on historical experience and other assumptions which are considered to be reasonable under the given circumstances. These assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur.

It may be necessary to change previous estimates as a result of changes in the circumstances on which the previous estimates were based, or as a result of new knowledge or subsequent events.

As part of the accounting policies applied by the group, the management performs assessments, in addition to estimates, which may have a significant impact on the amounts recognised in the annual report. The management of Dantherm A/S considers the following estimates and assessments to be material to the financial reporting – also as part of the accounting policies applied by the group.

AGREEMENT ON THE DIVESTMENT OF TELECOM

In March 2014, Dantherm concluded an agreement on the divestment of the Telecom business segment to China Technologies Holdings Group Co., Ltd. (Hong Kong). The activities comprised by the share transfer agreement have been classified as discontinued operations in Dantherm's interim reports for 2014.

Contrary to expectations, the buyer has not yet been unable to obtain the necessary approvals for the deal to go ahead, and it has thus been assessed that the criteria for the classification of the activities in the Telecom business segment as discontinuing operations have not been satisfied. The classification of activities into continuing and discontinuing operations has thus not been maintained in the consolidated financial statements.

CAPITAL RESOURCES AND GOING CONCERN ASSUMPTION

As a consequence of the postponed closing of the Telecom divestment, in March Dantherm renegotiated its agreement on committed facilities with the primary credit institutions, which expires on 31 March 2015. The credit institutions have undertaken to extend the committed facilities until January 2016. The agreed credit facilities are on a par with the expected cash needs.

Dantherm's management will continue to assess opportunities for strengthening Dantherm's capital base.

IMPAIRMENT TEST OF GOODWILL

The carrying amount of goodwill which relates to the Telecom segment is tested for impairment at least once a year together with the other non-current assets in the Telecom segment to which goodwill has been allocated. The value in 2014 is based on the share transfer agreement concerning the divestment of the Telecom segment.

Due to the delayed closing of the divestment of the Telecom segment, an updated business plan has been prepared, and Dantherm expects growth in earnings and cash flows as a result of restructurings and sales growth following investments made in market and product development in recent years. If the closing is not completed, impairment of goodwill by a considerable amount will have to be realised.

The estimate of the goodwill value is naturally subject to some uncertainty. See note 10 for a description of the impairment test of goodwill.

IMPAIRMENT TEST OF DEVELOPMENT PROJECTS

Dantherm operates in competitive markets characterised by a constant call for new technological advances and for new and energy-efficient products. Dantherm is therefore continuously developing new products and recognises the associated costs under intangible assets in the balance sheet.

The carrying amount of development projects in progress is tested for impairment at least once a year and impaired to the recoverable amount in the income statement if the carrying amount exceeds the present value of the expected future net cash flows from a particular development project. The expected future cash flows are based on expectations of revenue and earnings during the lifetime of the projects being developed, and these earnings are compared to the carrying amount of the development projects. The determination of future net cash flows is naturally subject to some uncertainty.

RECOVERY OF DEFERRED TAX ASSETS

Deferred tax assets are recognised on the basis of a separate assessment of whether the asset is expected to be offset against tax on future earnings or against deferred tax liabilities. The assessment is based on the budget for 2015 and an assessment of the earnings outlook in the individual companies during a maximum period of five years. In addition, an assessment is made in accordance with the limitation rules for tax losses in the various countries, and the assessment is based on an estimate of the likely utilisation date for the asset. Reference is made to note 16.

The recovery of deferred tax assets is dependent on a positive future taxable income in companies with recognised losses, and recognition of deferred tax assets is thus based on an assessment of future positive taxable income. Naturally, such assessment is subject to some uncertainty.

INVENTORIES

As part of its ordinary activities, the group purchases materials from subsuppliers for processing within the group with a view to meeting the expected customer demand. It may sometimes be difficult to purchase the right materials to meet future customer demand, which may lead to situations where materials purchased or produced to stock are no longer expected to be in demand.

Inventories are thus written down to a lower net realisable value. Inventories are written down based on historical scrappings due to obsolescence as well as knowledge and estimates of slow-moving items. The value of future scrappings or losses on sales at net realisable value may deviate from the write-downs made, but the management believes that the estimates made in respect of obsolescence are reasonable and expedient. Reference is made to note 13.

PROVISIONS

The group has warranty commitments in respect of goods and plant sold under warranties of between one and five years. The commitments have been calculated on the basis of historical warranty costs and are subject to some uncertainty due to the dependence on future events.

2. SEGMENT INFORMATION

Dantherm's reportable segments comprise the two strategic business segments HVAC and Telecom, which sell different products and services and have separate managements. See the management's review for a detailed description of the business segments. The development of the business segments is primarily assessed on the basis of the profit/loss before depreciation, amortisation, impairment losses and write-downs (EBITDA). The internal financial reporting on which the assessments are based follows the group's accounting policies.

2014

DKK '000	HVAC	Telecom	Total reportable segments	Group items not allocated	Group total
External revenue	277,139	163,862	441,001	0	441,001
Internal revenue	35,301	11,986	47,287	-47,287	0
Total revenue	312,440	175,848	488,288	-47,287	441,001
Profit/loss before depreciation, amortisation, impairment losses and write-downs (EBITDA)	24,625	-3,320	21,305	-8,299	13,006
Total assets	239,591	108,026	347,617	39,875	387,492
Capital expenditure	8,194	5,671	13,865	0	13,865
Liabilities	174,592	50,744	225,336	102,526	327,862

2013

DKK '000	HVAC	Telecom	Total reportable segments	Group items not allocated	Group total
External revenue	298,288	183,237	481,525	0	481,525
Internal revenue	30,225	7,019	37,244	-37,244	0
Total revenue	328,513	190,256	518,769	-37,244	481,525
Profit/loss before depreciation, amortisation, impairment losses and write-downs (EBITDA)	29,290	842	30,132	-6,824	23,308
Total assets	252,838	101,813	354,651	49,895	404,546
Capital expenditure	9,509	5,747	15,256	0	15,256
Liabilities	164,789	76,150	240,939	76,958	317,897

Transactions between segments have been carried out at arm's length.

2. SEGMENT INFORMATION

Geographical information

Products from HVAC are mainly sold in Europe. Products from Telecom are sold globally. Information about the distribution of revenue by geographical segment is based on the customers' geographical location, even though this will not always reflect the geographical location of the products. Information about the assets' distribution by geographical segment is also based on their physical location.

DKK '000	2014 Revenue	2014 Non-current assets	2013 Revenue	2013 Non-current assets
Denmark	42,861	184,008	39,069	203,886
Norway	61,935	3,707	55,077	3,916
Sweden	14,749	250	25,861	283
UK	30,506	0	24,252	687
Germany	58,635	295	75,235	0
France	34,867	0	30,885	0
Russia and the Baltic States	75,719	0	90,798	0
China	7,465	17,407	13,379	10,374
US	37,906	4,260	49,796	3,130
Other countries	79,358	0	77,173	0
Total	**441,001**	**209,927**	**481,525**	**222,276**

Distribution of revenue

Revenue related to the sale of products amounts to DKK 395.8m (2013: DKK 427.2m), and revenue related to the sale of services amounts to DKK 42.5m (2013: DKK 54.3m).

Important customers

Total revenue from customers that individually account for more than 10% of the group's revenue is DKK 67m (2013: DKK 75m), corresponding to 15% (2013: 16%) of the group's total revenue.

DKK '000	2014	2013

3. OTHER OPERATING EXPENSES

Strategic analysis expenses/divestment of Telecom	-2,218	-818
Total other operating expenses	**-2,218**	**-818**

DKK '000	2014	2013

4. COSTS

Costs of raw materials and consumables		
Purchased supplies for the year	233,485	241,686
Change in inventories	-7,010	10,646
Write-down of inventories for the year	1,862	792
Reversed write-downs of inventories	-580	-987
Total costs of raw materials and consumables	**227,757**	**252,137**

Reversed write-downs of inventories primarily concern goods which have either been scrapped, sold or used in production.

Total fees for the auditor appointed by the general meeting can be specified as follows:		
Audit	611	648
Tax and VAT consultancy services	99	42
Consultancy services in connection with acquisitions and divestments	15	0
Other consultancy services	183	176
Total	**908**	**866**

Research and development costs recognised in the income statement		
Research and development costs incurred	25,117	22,660
Development costs recognised under intangible assets, note 10	-12.764	-12,620
Total research and development costs recognised in the income statement	**12,353**	**10,040**

Research and development costs incurred are included in staff costs at DKK 8,223k (2013: DKK 6,981k) and in other external costs at DKK 4,130k (2013: DKK 3,059k)

Staff costs		
Remuneration of the Board of Directors of the parent	1,234	1,538
Wages and salaries	128,769	135,268
Defined-contribution plans	9,012	9,788
Other social security expenses	12,872	15,396
Total staff costs	**151,887**	**161,990**
Average number of employees	460	491

	2014			2013		
DKK '000	Board of Directors of the parent	Board of Executives of the parent	Other executive employees	Board of Directors of the parent	Board of Executives of the parent	Other executive employees
Salaries and remuneration	1,234	3,788	2,844	1,538	3,762	3,005
Pension contributions	0	0	174	0	0	162
Total	**1,234**	**3,788**	**3,018**	**1,538**	**3,762**	**3,167**

4. COSTS – CONTINUED

The Board of Directors only receives fixed remuneration. The total remuneration for the Board of Directors amounted to DKK 1,234k in 2014 against DKK 1,538k in 2013. Since the general meeting in 2011, the Board of Directors has consisted of seven members – four members elected at the general meeting and three members elected by the employees as required by law.

The remuneration for each board member was DKK 150k annually until 1 May 2014, at which date it was reduced to DKK 125k annually. In addition to this, the Chairman and the Deputy Chairman receive an allowance of 150% and 75%, respectively.

In 2013 and 2014, the remuneration for the Board of Executives comprised a fixed salary and a bonus plan which is conditional upon the fulfilment of a number of objectives defined in advance. The annual bonus cannot exceed 40% of the fixed salary.

In 2013 and 2014, the Board of Executives consisted of two persons. The total remuneration for the Board of Executives amounted to DKK 3,788k in 2014 (2013: DKK 3,762k), divided into DKK 2,322k (2013: DKK 2,306k) for the President & CEO and DKK 1,466k (2013: DKK 1,456k) for the CFO. No bonus was paid to the Board of Executives in 2013 and 2014.

Other executive employees are employees responsible for the group's main business areas and who are not members of the Board of Executives of the parent. In 2013 and 2014, this group consisted of two persons, and the costs incidental to one of these persons is included in net loss for the year from discontinued operations.

5. SHARE-BASED PAYMENT

In 2007, Dantherm A/S established a two-year share option programme for the Board of Executives and executive employees (nine persons in total). The share option programme ended in 2009, and no costs relating to the programme have been recognised in 2013 and 2014.

The share options may be exercised during a period from three to six years after granting. Consequently, options granted in 2008 could be exercised as of the general meeting in 2011 until the general meeting in 2014. The options can only be exercised during a period of four weeks after publication of an annual or interim report. The exercise price was fixed as the average price for a period of ten days after publication of the company's annual report plus 5% per year.

The share option programme expired in 2014 with no options having been exercised under the programme.

	Board of Executives of the parent	Other executive employees	Total	Average exercise price per option	Fair value per option at the time of granting	Total at the time of granting
	No. of options	No. of options	No. of options	DKK	DKK	DKK '000
Outstanding options at the beginning of 2013	**10,355**	**40,929**	**51,284**	**163**	**33**	**1,672**
Reclassification	4,585	-4,585	0	0	0	0
Expired	-5,862	-16,624	-22,486	142	28	-640
Outstanding options at the end of 2013	**9,078**	**19,720**	**28,798**	**179**	**36**	**1,032**
Outstanding options at the beginning of 2014	**9,078**	**19,720**	**28,798**	**179**	**36**	**1,032**
Expired	-9,078	-19,720	-28,798	-179	-36	-1,032
Outstanding options at the end of 2014	**0**	**0**	**0**	**0**	**0**	**0**
Number of exercisable options at the end of 2013	**9,078**	**19,720**	**28,798**			
Number of exercisable options at the end of 2014	**0**	**0**	**0**			

DKK '000	2014	2013

6. FINANCIAL INCOME

	2014	2013
Interest, cash etc.	55	100
Foreign exchange gains	1,537	405
Interest on loan to associate	0	1,822
Other financial income	125	17
Total financial income	**1,717**	**2,344**
Interest on financial assets measured at amortised cost amounts to	180	1,939

7. FINANCIAL EXPENSES

	2014	2013
Interest, credit institutions etc.	13,801	13,419
Foreign currency translation adjustment and losses	93	1,468
Other financial expenses	2,651	2,997
Total financial expenses	**16,545**	**17,884**
Interest on financial liabilities measured at amortised cost amounts to	16,452	16,416

8. TAX

	2014	2013
Tax for the year can be specified as follows:		
Tax on loss for the year	5,072	827
Total	**5,072**	**827**
Tax on loss for the year comprises:		
Current tax	-813	-803
Refund of development costs in Denmark	4,380	1,250
Adjustment of deferred tax in Denmark due to change in tax rate	0	-125
Adjustment of deferred tax	2,470	414
Adjustment of deferred tax due to changed assessment of tax assets	-225	838
Other taxes, including withholding tax	-740	-747
Total	**5,072**	**827**

DKK '000	2014	2013

8. TAX – CONTINUED

Tax on profit/loss for the year from continuing operations comprises:		
Loss before tax	-33,616	-28,867
Tax rate	24.5%	25%
Calculated tax income	8,236	7,217
Refund of development costs in Denmark	4,380	1,250
Adjustment of calculated tax in foreign group enterprises relative to current tax rate	-495	-126
Change in tax rate	0	-125
Losses in companies for which the tax base is not recognised	-6,128	-6,941
Other taxes, including withholding tax	-740	-747
Tax effect of:		
Non-deductible expenses and non-taxable income, net	25	711
Change in the valuation of tax losses in addition to earnings performance	-225	-412
Adjustment of tax, previous years	19	0
Total	**5,072**	**827**
Effective tax rate	22%	3%

The tax income in 2014 stems primarily from a refund of development costs in Denmark and capitalisation of deferred tax losses in the company i China.

As at 31 December 2014, the group had unrecognised tax losses of DKK 50m (2013: DKK 44m) in foreign companies and DKK 147m (2013: DKK 148m) in the Danish joint taxation scheme, equivalent to a total tax value of DKK 47m (2013: DKK 50m). Some of the unrecognised tax losses are subject to restrictions, while some are subject to rules on limitation.

9. EARNINGS PER SHARE

Net loss for the year	**-28,544**	**-28,040**
Average number of shares	7,190,574	7,190,574
Average number of treasury shares	-80,526	-80,526
Average number of shares in circulation	**7,110,048**	**7,110,048**
Diluted average number of shares in circulation	**7,110,048**	**7,110,048**
Earnings per share (EPS)	-4.0	-3.9
Diluted earnings per share (EPS-D)	-4.0	-3.9

The calculation of earnings per share for continuing and discontinuing operations is based on the same key figures as earnings per share:

Dantherm shareholders' share of:		
Loss from continued operations	-28,544	-1,648
Net loss for the year	**-28,544**	**-28,040**

The calculation of diluted earnings per share in 2013 did not include 28,798 out-of-the-money share options which could potentially dilute future earnings per share. In 2014, there is no impact on outstanding options.

10. INTANGIBLE ASSETS

DKK '000	Goodwill	Completed development projects	Patents and licences	Development projects in progress	Total
Cost as at 1 January 2013	95,271	32,892	6,627	14,049	148,839
Foreign currency translation adjustment	0	-47	-79	-18	-144
Reclassification	0	15,122	174	-17,531	-2,235
Additions	0	68	1,120	12,552	13,740
Disposals	0	0	0	-54	-54
Cost as at 31 December 2013	**95,271**	**48,035**	**7,842**	**8,998**	**160,146**
Amortisation as at 1 January 2013	25,744	25,874	5,136	304	57,058
Foreign currency translation adjustment	0	-35	-71	0	-106
Reclassification	0	-74	74	-599	-599
Amortisation	0	5,928	438	295	6,661
Amortisation as at 31 December 2013	**25,744**	**31,693**	**5,577**	**0**	**63,014**
Carrying amount as at 31 December 2013	**69,527**	**16,342**	**2,265**	**8,998**	**97,132**
Cost as at 1 January 2014	95,271	48,035	7,842	8,998	160,146
Foreign currency translation adjustment	0	288	298	240	826
Reclassification	0	7,438	0	-7,438	0
Additions	0	0	108	12,656	12,764
Cost as at 31 December 2014	**95,271**	**55,761**	**8,248**	**14,456**	**173,736**
Amortisation as at 1 January 2014	25,744	31,693	5,577	0	63,014
Foreign currency translation adjustment	0	243	262	0	505
Amortisation	0	8,749	659	0	9,408
Impairment	11,037	0	0	0	11,037
Amortisation as at 31 December 2014	**36,781**	**40,685**	**6,498**	**0**	**83,964**
Carrying amount as at 31 December 2014	**58,490**	**15,076**	**1,750**	**14,456**	**89,772**
Amortisation period	Not amortised	3-6 years	3-6 years		

Goodwill:

As at 31 December 2014, the management performed a test of the carrying amount of goodwill for impairment. Goodwill concerns the Telecom business.

When performing the impairment test, the recoverable amount corresponding to the net selling price was compared with the carrying amount of goodwill and equity. The net selling price is based on the share transfer agreement concluded with the buyer of the Telecom business, as it is deemed likely that the closing of the transaction will be completed. The impairment test performed resulted in an impairment of goodwill of DKK 11.0m in 2014.

Due to the delayed closing of the divestment of the Telecom segment, an updated business plan has been prepared, and Dantherm expects growth in earnings and cash flows as a result of restructurings and sales growth following investments made in market and product development in recent years. If the closing of the divestment of the Telecom segment is not completed, impairment of goodwill by a considerable amount will have to be realised.

The following text relates to the comparative figures for 2013:

As at 31 December 2013, the management performed a test of the carrying amount of goodwill for impairment. Goodwill concerns the Telecom business.

10. INTANGIBLE ASSETS – CONTINUED

When performing the impairment test, the recoverable amount corresponding to the discounted value of expected future net cash flows for the Telecom business was compared with the carrying amount of goodwill and equity. The recoverable amount is based on the value in use.

Expected future net cash flows are based on the budget for 2014 approved by the management, the strategy plan for 2015-2017 and a terminal value. The discount rate used to calculate the recoverable amount amounted to approx. 13% before tax in 2012 and 2013 and reflects the risk-free interest rate plus market risks.

The development in Telecom was unsatisfactory in 2012 due to low sales to network suppliers. In 2013, sales to network suppliers were back to normal, and revenue growth of 25% and positive EBITDA were realised. Historically, Dantherm's Telecom business has primarily been centred on sales to network suppliers, but in recent years investments have been made in market presence and product development targeted at network operators with a view to increasing sales to this customer group. These investments have still not contributed to increased revenue, but have resulted in a broader customer base, which is an important prerequisite for increasing sales going forward. The market potential remains unchanged, and these measures are expected to contribute to future growth in revenue.

The impairment test performed in 2013 is based on an updated outlook for revenue and net cash flows in the coming years made in conjunction with the analysis initiated with a view to strengthening the capital structure. In the coming years, slightly increasing sales to network suppliers and growth in revenue from network operators are expected as a result of the strategic measures that have been and will be implemented. The strategy plan up to 2017 includes an expected growth in revenue of approx. 75% relative to 2013. Consequently, net cash flows are expected to improve considerably as a result of increased earnings. The terminal period assumes annual growth of 1% for 2012 and 2013.

The recoverable amount is thus believed to exceed the carrying amount by some DKK 38m (2012: DKK 225m), and therefore no impairment has been made.

Sensitivity analysis
Sensitivity analyses have been performed where the recoverable amount is calculated based on a change in the primary assumptions for the estimated revenue growth and expected operating profit/loss relative to revenue. In order for the recoverable amount for 2013 to correspond to the carrying amount of goodwill, the estimated revenue growth, provided the other assumptions remain unchanged, would have to be reduced by around 20% annually in the period 2014-2017 and in the terminal period.

In order for the recoverable amount for 2013 to correspond to the carrying amount of goodwill, the operating profit/loss relative to revenue, provided the other assumptions remain unchanged, would have to be reduced by around 1.5% annually in the period 2014-2017 and in the terminal period relative to a level of 2-8% in the period.

Other intangible assets
Disposals relating to development projects mainly comprise internal wages and salaries for the project on a time-spent basis and to some extent external costs in respect of consultants etc.

The carrying amount of development projects in progress is tested for impairment at least once a year and impaired to the recoverable amount in the income statement if the carrying amount exceeds the present value of the expected future cash flows from a particular development project.

When performing the impairment test, the recoverable amount corresponding to the expected future contribution margin from the sale of the developed product is compared with the carrying amount of the development project. The recoverable amount is based on the value in use.

The expected future contribution margin from the sale of the developed product is based on an assessment of the sales potential during a maximum period of seven years from completion. The assessment is based on market expectations and historical experience. No discount rate is applied in connection with the assessment.

The impairment tests performed have not resulted in impairment in 2013 and 2014.

Sensitivity analysis
Sensitivity analyses have been performed where the recoverable amount is calculated based on a change in the primary assumption for the expected contribution margin from the sale of the developed product. The expected contribution margin would have to be reduced by a factor of three to ten in connection with the individual development projects before giving rise to impairment.

11. PROPERTY, PLANT AND EQUIPMENT

DKK '000	Land and buildings	Leasehold im-provements	Plant and machinery	Other plant, fixtures and fit-tings, tools and equipment	Assets under construction	Total
Cost as at 1 January 2013	160,842	7,205	131,663	22,862	0	322,572
Foreign currency translation adjustment	-1,327	-128	-459	-691	0	-2,605
Reclassification	0	0	1,636	0	0	1,636
Additions	0	128	459	562	367	1,516
Disposals	0	0	-20	-441	0	-461
Cost as at 31 December 2013	**159,515**	**7,205**	**133,279**	**22,292**	**367**	**322,658**
Depreciation as at 1 January 2013	63,178	6,895	109,532	20,165	0	199,770
Foreign currency translation adjustment	-1,029	-121	-421	-530	0	-2,101
Depreciation	5,084	80	5,433	895	0	11,492
Depreciation, disposals	0	0	-18	-432	0	-450
Depreciation as at 31 December 2013	**67,233**	**6,854**	**114,526**	**20,098**	**0**	**208,711**
Carrying amount as at 31 December 2013	**92,282**	**351**	**18,753**	**2,194**	**367**	**113,947**
Of which assets held under finance leases	88,086	0	0	0	0	88,086
Cost as at 1 January 2014	159,515	7,205	133,279	22,292	367	322,658
Foreign currency translation adjustment	-629	764	1,631	259	0	2,025
Reclassification	0	0	367	0	-367	0
Additions	0	0	618	306	177	1,101
Disposals	0	0	-1,381	-12		-1,393
Cost as at 31 December 2014	**158,886**	**7,969**	**134,514**	**22,845**	**177**	**324,391**
Depreciation as at 1 January 2014	67,233	6,854	114,526	20,098	0	208,711
Foreign currency translation adjustment	-496	722	1,353	250	0	1,829
Depreciation	5,047	42	5,339	722	0	11,150
Depreciation, disposals	0	0	-1,214	0	0	-1,214
Depreciation as at 31 December 2014	**71,784**	**7,618**	**120,004**	**21,070**	**0**	**220,476**
Carrying amount as at 31 December 2014	**87,102**	**351**	**14,510**	**1,775**	**177**	**103,915**
Of which assets held under finance leases	83,693	0	0	0	0	83,693
Depreciation period	15-30 years	5 years	3-8 years	3-7 years	-	-
Selling price of disposed assets	0	0	14	0	0	14
Carrying amount	0	0	167	12	0	179
Gain/loss on sale	**0**	**0**	**-153**	**12**	**0**	**-165**

12. INVESTMENTS IN ASSOCIATES

Investments in associates comprise Dantherm Power A/S, which is domiciled in Hobro, Denmark, with Dantherm's ownership interest amounting to 38.7% in 2013 and 2014.

DKK '000	2014	2013
Cost as at 1 January	48,562	33,150
Additions (debt conversion in 2013)	0	15,412
Cost as at 31 December	**48,562**	**48,562**
Adjustments as at 1 January	-48,562	-33,100
Impairment losses	0	-15,462
Adjustments as at 31 December	**-48,562**	**-48,562**
Carrying amount as at 31 December	**0**	**0**

Key figures for Dantherm Power A/S:

					Dantherm's share	
DKK '000	**Revenue**	**Net loss for the year**	**Assets**	**Liabilities**	**Equity**	**Net loss for the year**
2013	11,834	-28,588	28,242	32,612	-1,704	-11,149
2014	11,204	-18,139	21,482	48,437	-10,432	-7,020

DKK '000	2014	2013

13. INVENTORIES

	2014	2013
Raw materials and consumables	35,755	38,710
Work in progress	8,188	9,402
Manufactured goods and goods for resale	47,036	49,877
Total inventories	**90,979**	**97,989**

14. RECEIVABLES

	2014	2013
Trade receivables	66,793	73,487
Receivables from associates	327	775
Other receivables	3,648	3,842
Total short-term receivables	**70,768**	**78,104**

15. EQUITY

Capital management

The Dantherm management regularly assesses the possibilities for strengthening the capital structure, which was a point of focus in 2013 and 2014.

Dantherm's dividend policy is to distribute approx. 30% of the net profit for the year to its shareholders – with due account being taken at all times of the group's expansion plans and financial and cash position. The company also aims to maintain an equity interest of at least 30%. No dividend was distributed in 2013 and 2014.

15. EQUITY – CONTINUED

Share capital	No. of shares 2014	No. of shares 2013	Nominal value (DKK '000) 2014	Nominal value (DKK '000) 2013
1 January	7,190,574	7,190,574	71,906	71,906
31 December	**7,190,574**	**7,190,574**	**71,906**	**71,906**

Treasury shares	No. of shares 2014	No. of shares 2013	Nominal value (DKK '000) 2014	Nominal value (DKK '000) 2013
1 January	80,526	80,526	805	805
31 December	**80,526**	**80,526**	**805**	**805**
Treasury shares' share of the share capital	**1.1%**	**1.1%**		

The share capital comprises 7,190,574 shares with a nominal value of DKK 10 each. The shares are not divided into classes.

The Board of Directors has been authorised by the general meeting to increase the company's share capital in one or more rounds by up to a nominal value of DKK 28,094,260 (both with and without pre-emption rights for existing shareholders) through the subscription of new shares at a price specified by the Board of Directors (without pre-emption rights at the market price). The authorisation is valid until 10 April 2018.

Dantherm has been authorised by the general meeting to let the company buy treasury shares up to a total nominal value of 10% of the share capital. The consideration paid must not deviate by more than 10% from the currently listed share price at the time of the purchase. This authorisation is valid until the annual general meeting in 2016.

No treasury shares were traded in 2013 and 2014.

DKK '000	31.12.14	31.12.13

16. DEFERRED TAX (ASSET)

Deferred tax as at 1 January	-11,197	-10,299
Foreign currency translation adjustment	-405	229
Change in deferred tax due to change in tax rate	0	125
Changed assessment of tax assets	225	-838
Deferred tax for the year included in the net loss for the year	-2,396	-414
Deferred tax as at 31 December, net	**-13,773**	**-11,197**

Deferred tax is recognised in the balance sheet as follows:

Deferred tax (asset)	-13,773	-11,197
Deferred tax as at 31 December, net	**-13,773**	**-11,197**

Deferred tax concerns:		
Non-current assets	1,284	699
Current assets	-1,431	-1,425
Liabilities	-681	-840
Tax losses allowed for carry-forward	-12,945	-9,631
Total deferred tax	**-13,773**	**-11,197**

16. DEFERRED TAX (ASSET) – CONTINUED

Deferred tax assets in Danish and foreign companies are recognised as tax loss carry-forwards and other differences offset against income likely to be realised in future with a maximum assessment period of five years. Recognition is made on the basis of the earnings outlook and subject to specific circumstances and the rules on limitation in the individual countries. The recognition is based on the budget for 2015 and the earnings outlook during a maximum period of five years.

As at 31 December 2014, the group had unrecognised tax losses of DKK 50m (2013: DKK 44m) in foreign companies and DKK 147m (2013: DKK 148m) in the Danish joint taxation scheme, equivalent to a total tax value of DKK 47m (2013: DKK 50m). Some of the unrecognised tax losses are subject to restrictions, while some are subject to rules on limitation.

DKK '000	31.12.14	31.12.13

17. PROVISIONS

Warranty commitments as at 1 January	2,786	3,117
Foreign currency translation adjustment	65	-108
Used during the year	-1,877	-2,030
Provisions for the year	1,685	1,807
Warranty commitments as at 31 December	**2,659**	**2,786**
Provisions as at 31 December	**2,659**	**2,786**
Expected dates of maturity for provisions:		
0-1 year	2,161	2,282
1-5 years	498	504
Provisions as at 31 December	**2,659**	**2,786**

Warranty commitments concern goods sold under warranty. The commitments have been calculated on the basis of the most recently updated experience. The costs are expected to be incurred during the warranty period. Goods are generally sold under warranties of 12-24 months, but in some cases up to 60 months.

18. PAYABLES TO CREDIT INSTITUTIONS

Payables to credit institutions comprise:		
Finance lease commitments	82,124	88,181
Bank debt	136,253	118,148
Total carrying amount	**218,377**	**206,329**
Payables to credit institutions are recognised as follows:		
Long-term payables	6,586	89,204
Short-term payables	211,791	117,125
Total carrying amount	**218,377**	**206,329**

18. PAYABLES TO CREDIT INSTITUTIONS – CONTINUED

Loan/maturity	Currency	Fixed/floating	Average effective interest rate 31.12.14	Average effective interest rate 31.12.13	Carrying amount 31.12.14	Carrying amount 31.12.13
Finance lease commitments, buildings	DKK	Fixed, incl. variable supplement	7%	7%	82,124	88,181
Bank debt	DKK	Floating	5-8%	4-7%	114,267	96,169
Bank debt	EUR	Floating	-	4-6%	0	2,125
Bank debt	USD	Floating	5-6%	4-6%	10,431	6,053
Bank debt	GBP	Floating	5-6%	4-6%	3,232	3,680
Bank debt	SEK	Floating	5-6%	4-6%	1,060	2,670
Bank debt	NOK	Fixed	5%	5%	6,586	7,083
Bank debt	NOK	Floating	6-7%	6-7%	677	313
Bank debt	Other	Floating	5-6%	4-6%	0	55
Total					**218,377**	**206,329**

A fixed-rate swap with an interest rate of 4% until June 2020 has been entered into for finance lease commitments in respect of buildings. To this should be added a variable supplement.

The interest on floating-rate debt follows the spot rate. The interest on bank debt in NOK is fixed until mid-2017.

The above-mentioned liabilities include finance leases as follows:

Finance leases have been recognised as follows:		**2014**	
DKK '000	**Lease payment**	**Interest**	**Carrying amount**
0-1 year	9,892	-3,630	6,262
1-5 years	38,733	-11,531	27,202
> 5 years	49,736	-1,076	48,660
31 December 2014	**98,361**	**-16,237**	**82,124**

Finance leases have been recognised as follows:		**2013**	
DKK '000	**Lease payment**	**Interest**	**Carrying amount**
0-1 year	9,964	-3,904	6,060
1-5 years	39,081	-12,755	26,326
> 5 years	59,278	-3,483	55,795
31 December 2013	**108,323**	**-20,142**	**88,181**

Finance lease commitments concern an agreement on leasing of the buildings in Denmark, which runs until June 2020. The agreement is subject to payment of a variable lease payment, but a fixed-rate swap has been entered into to hedge the variable payment. The interest rate swap has the same term as the financial loan agreement, and interest on the loan therefore remains fixed throughout the term. The interest rate swap is regulated via other comprehensive income and had a negative impact on the financial statements of DKK 1,630k in 2014 (2013: positive impact of DKK 4,875k). See also note 25.

The variable payment on the finance lease entails a difference between the carrying amount and the fair value, which amounted to DKK 2,179k at the end of 2014 (2013: DKK 2,409k).

DKK '000	31.12.14	31.12.13

19. OTHER PAYABLES

Trade payables	**52,899**	**60,444**
Loans from shareholders	5,947	5,946
Negative value of hedging transactions	13,426	11,796
Other payables (holiday pay obligation, other employee obligations, A-tax etc.)	33,430	29,783
Other payables	**52,803**	**47,525**
Total trade payables and other payables	**105,702**	**107,969**

20. INCOME TAX RECEIVABLE AND PAYABLE

Income tax as at 1 January	592	358
Foreign currency translation adjustment	109	123
Refund of development costs in Denmark	4,380	1,250
Current tax	-813	-803
Tax paid	-492	-336
Income tax as at 31 December	**3,776**	**592**
Recognised as follows:		
Income tax receivable	4,527	1,405
Income tax payable	-751	-813
Total income tax	**3,776**	**592**

21. CONTINGENT LIABILITIES

As a result of the group's ordinary operations, the group is regularly party to warranty, complaint and product liability cases concerning the products supplied. In addition, usual guarantees have been provided concerning tax and the environment in connection with previously divested companies. The possible financial net liabilities are assessed on a regular basis, and separate provisions are made based on the management's careful assessment of the financial liabilities attaching to the individual cases.

Dantherm has provided security for payables to credit institutions in an associate, amounting to DKK 0.1m as at 31 December 2014.

This is not expected to impact the group's financial position over and above the liabilities recognised in the balance sheet as at 31 December 2014.

DKK '000	31.12.14	31.12.13

22. SECURITY FURNISHED

As security for finance lease commitments of	82,124	88,181
the following has been provided:		
Land and buildings with a carrying amount of	83,693	88,086
As security for bank debt of	6,586	7,083
the following has been provided:		
Land and buildings with a carrying amount of	1,331	1,997
Current assets with a carrying amount of	19,604	18,040

As security for payables to credit institutions of DKK 207,244k (2013: DKK 199,201k), a company charge of a maximum of DKK 75,000k was provided in the subsidiary Dantherm Air Handling A/S in 2013 and 2014. The company charge comprises intangible assets and property, plant and equipment of DKK 32,320k (2013: DKK 42,768k), inventories of DKK 43,733k (2013: DKK 55,300k) and receivables of DKK 24,317k (2013: DKK 30,669k).

23. CONTRACTUAL OBLIGATIONS

The group leases IT equipment, photocopiers and vehicles under operating leases. In addition, leases are concluded for office space for the companies in the group. The leases are concluded on customary lease terms. Operating lease payments and leases are as follows:

0-1 year	3,631	6,670
1-5 years	3,892	6,990
Total contractual obligations	**7,523**	**13,660**
Costs relating to operating leases recognised in the income statement	3,458	6,183

24. CASH AND CASH EQUIVALENTS AND SHORT-TERM BANK DEBT

Cash and cash equivalents	9,291	3,172
Cash and cash equivalents as at 31 December	**9,291**	**3,172**
Short-term payables to credit institutions	211,791	117,125
Of which short-term part of lease commitments	-82,124	-6,060
Short-term bank debt as at 31 December	**129,667**	**111,065**

Cash and cash equivalents comprise bank deposits in Danish banks which can be used freely.

25. FINANCIAL RISKS AND INSTRUMENTS

Risk management policy of the group

Due to its operations, investments and financing, Dantherm is exposed to a number of financial risks, including currency, interest rate, credit and liquidity risks. Raw material risks are less important to the group as actual raw materials only constitute a small part of the finished goods.

It is group policy to identify and hedge all significant financial risks in an expedient way based on an assessment of profitability and not to engage in active speculation in financial risks. The group's financial management is thus only aimed at managing financial risks stemming directly from the operations and financing of the group.

The framework for managing financial risks is described in the group's Finance Manual, which is updated annually. This framework complies with the policies adopted by the management. The financial risks faced by the group are considered by the Board of Directors at least once a year, where it is assessed whether risks have changed and whether policies and initiatives implemented need to be adjusted.

Currency risks

The group's most important currency exposure concerning continuing operations relates to sales, receivables and debt denominated in USD, CNY and NOK. The Danish consolidated enterprises' exposure in EUR is not hedged due to Denmark's fixed-rate policy vis-à-vis the EUR. It is group policy to hedge all significant currency risks arising from contracts in foreign currencies where the cash flow can be predicted with sufficient accuracy. The currency risks faced by the group are mainly hedged by income and expenses being incurred in the same currency. The group's foreign enterprises are not materially influenced by exchange rate fluctuations as both income and expenses are settled in the local currencies.

Currency risks in relation to the valuation of foreign net investments are generally not hedged. Targeted efforts are being made to capitalise the foreign subsidiaries in order to reduce the translation risk.

As a result of the group's international activities, developments in exchange rates between DKK and the various reporting currencies of the group companies are important for the operating profit/loss and equity as measured in DKK. Exchange rate fluctuations in DKK/NOK and DKK/CNY are estimated to have the highest potential effect on profit/loss and equity. All else being equal, a 10% lower DKK/NOK exchange rate would affect the group's profit/loss and equity for 2014 by DKK 0.3m (2013: DKK 0.3m) and DKK 0.9m (2013: DKK 1.0m), respectively. A 10% lower exchange rate between DKK/CNY would, all else being equal, affect the results by DKK 0.1m (2013: DKK 0.2m) and equity by DKK 4.1m (2013: DKK 3.8m).

The group's primary currency risks in the balance sheet

31 December 2014

DKK '000	Securities and cash and cash equivalents	Receivables	Payables	Net position
EUR/DKK	94	22,372	-10,669	11,797
EUR/NOK	0	0	-2,495	-2,495
USD/DKK	2,957	7,315	-9,647	625
USD/CNY	9	14,314	-283	14,040
Total	**3,060**	**44,001**	**-23,094**	**23,967**

31 December 2013

DKK '000	Securities and cash and cash equivalents	Receivables	Payables	Net position
EUR/NOK	0	0	-3,263	-3,263
USD/DKK	0	-749	-2,410	-3,159
USD/CNY	459	23,380	-11	23,828
Total	**459**	**22,631**	**-5,684**	**17,406**

25. FINANCIAL RISKS AND INSTRUMENTS – CONTINUED

Interest rate risks

As a result of its financing activities, the group is exposed to risks relating to fluctuations in interest rate levels. The primary interest rate exposure concerns Danish loans and is related to CIBOR.

It is group policy to hedge interest rate risks on the group's loans when it is deemed that interest payments can be hedged satisfactorily. Hedging is done by entering into interest rate swaps where floating-rate loans are converted into fixed-rate loans or by raising fixed-rate loans. The management regularly assesses the expediency of entering into agreements fully or partly hedging the interest rate risk.

In order to limit the interest rate risk, it is the management's aim that approximately half of the group's interest-bearing debt should be in the form of fixed-rate loans. At the end of 2013 and 2014, the fixed-rate portion accounted for 46% and 41%, respectively, including finance lease debt in respect of the property in Denmark which carries floating interest, but for which a fixed-rate interest rate swap has been entered into. All other things being equal, an increase in interest rate levels of 1% per year relative to the interest rate level at the balance sheet date would have had a negative impact on the profit/loss and equity of approx. DKK 1m in 2013 and 2014. Similarly, a fall in interest rate levels would have had a positive impact.

The subsidiary Dantherm Air Handling A/S has entered into a fixed-rate interest rate swap (level 2 of the fair value hierarchy) for hedging the floating interest rate on loans in the property in Skive of DKK 82,124k (2013: DKK 88,181k). The fair value of the interest rate swap outstanding at the balance sheet date for hedging the interest rate risk of floating-rate loans amounts to DKK -13,426k (2013: DKK -11,796k). The term of the interest rate swap corresponds to the term of the loan, which expires in June 2020.

Liquidity risks

In connection with the raising of loans, it is group policy to ensure the greatest possible flexibility through a spreading of the loans in terms of date of maturity/renegotiation and counterparties while taking pricing into account. The group's cash resources consist of cash and cash equivalents and undrawn credit facilities. The group aims at having adequate cash resources to be able to continue to make expedient arrangements in case of unforeseen fluctuations in liquidity. At the end of 2014, the group had undrawn cash resources of DKK 15m against DKK 13m at the end of 2013.

In February 2014, Dantherm renegotiated its agreement with the primary credit institutions, which granted an extension of the agreement until 31 March 2015. The agreement comprises the usual covenants. In consequence of the delayed closing of the Telecom divestment and the financial developments in 2014, Dantherm was not able to meet the covenants relating to 'Net interest-bearing debt/EBITDA', 'EBITDA/interest expenses' and 'Equity ratio' as at 30 June, 30 September and 31 December 2014. As a result, Dantherm received waivers from the credit institutions conditional upon the closing of the Telecom divestment. The conditions had not been met as at 31 December 2014, and payables to credit institutions comprised by the agreement have therefore been reclassified to short-term.

As a consequence of the postponed closing of the Telecom divestment, in March Dantherm renegotiated its agreement on committed facilities with the primary credit institutions, which expires on 31 March 2015. The credit institutions have undertaken to extend the committed facilities until January 2016. The agreed credit facilities are on a par with the expected cash needs.

Dantherm's management will continue to assess opportunities for strengthening Dantherm's capital base.

25. FINANCIAL RISKS AND INSTRUMENTS – CONTINUED

The group's contractual cash flows fall due as follows:

DKK '000	Total	Within 1 year	1-5 years	After 5 years
2013	246,291	18,210	166,812	61,269
2014	250,267	143,741	55,570	50,956

Credit risks

The group's credit risks concern cash, trade receivables and balances with associates.

Cash and cash equivalents primarily comprise deposits in Danish, American and Chinese banks. Cash and cash equivalents in China are not comprised by the agreement with the group's primary credit institutions.

The group has no material risks relating to individual customers or collaboration partners. The group's policy for taking on credit risks means that all major customers are credit-rated on a continuous basis and that all customers above an internally established level are generally credit-insured.

Of the total debtor balance as at 31 December 2014, 37% is insured against losses (2013: 37%). The maximum credit risk for financial assets is reflected in the carrying amounts recognised in the balance sheet without taking securities provided into account. Traditionally, the group has not generated significant losses on trade receivables.

Based on the group's internal credit-rating procedures, including the extent of credit insurance, the credit quality of receivables not written down and not yet due are assessed to be high with a low risk of loss. The credit quality is not deemed to be dependent to any materiel extent on the debtors' domiciles.

The geographical distribution of trade receivables from continuing operations not written down and not yet due is as follows:

DKK '000	31.12.14	31.12.13
Denmark	4,374	3,378
EU countries	42,264	32,905
Asia	1,888	4,270
US	3,073	3,204
Other countries	1,151	11,177
Total receivables	**52,750**	**54,934**

Write-downs are typically recognised for the individual receivable when an objective indication of impairment exists, entailing a need for write-down. No security has been provided for these receivables.

No special conditions affect the credit quality of receivables. Write-downs have developed as follows:

Write-downs as at 1 January	1,019	988
Realised loss during the year	301	-121
Net change in provision	-359	152
Write-downs as at 31 December	**961**	**1,019**

Trade receivables from continuing operations overdue but not written down as at 31 December amount to:

Maturity period		
1-2 months	11,641	16,729
2-3 months	2,669	1,080
3 months or more	1,021	2,538
Total	**15,331**	**20,347**

25. FINANCIAL RISKS AND INSTRUMENTS – CONTINUED

Interest income from receivables written down of DKK 1,822k has been recognised in the income statement in 2013. No interest income from receivables written down was recognised in 2014.

Categories of financial instruments

Financial assets and liabilities are recognised at amortised cost, except for the interest rate swap in respect of the property in Denmark, which is recognised at fair value. The carrying amount of assets and liabilities recognised at amortised cost corresponds to the fair value of such assets and liabilities, except for finance lease debt where there is a difference of DKK 2,179k (2013: DKK 2,409k) between the carrying amount and the fair value.

Methods and preconditions for the measurement of fair values

The methods and preconditions applied when measuring the fair values of financial instruments are described per class of financial instruments. The methods applied are unchanged relative to 2013.

Derivative financial instruments

Interest rate swaps are measured on the basis of generally accepted valuation methods (level 2 of the fair value hierarchy). Externally calculated fair values are applied based on the discounted expected future cash flows.

Finance leases (measured at amortised cost in the balance sheet)

The fair value of finance leases is based on externally calculated fair values. Dantherm has an option to purchase the property in Skive at the price of DKK 45m in June 2020.

Trade receivables and trade payables (measured at amortised cost in the balance sheet)

The fair value of trade receivables and trade payables is assessed to correspond to the carrying amount of such receivables and payables.

26. RELATED PARTIES

Dantherm A/S does not have any related parties with a controlling influence. Related parties with a significant influence comprise members of the Boards of Directors and Board of Executives of Dantherm A/S and D.F. Holding, Skive A/S and their family members. Furthermore, related parties comprise enterprises in which the above-mentioned individuals have a significant interest. Shareholders with an ownership interest of more than 5% are included in the 'Shareholder information' section.

Finally, related parties comprise the group enterprises and associates included in the group chart on page 25.

Transactions with related parties comprise loan balances and interest thereon, the purchase and sale of goods and services, management fees and remuneration for the Board of Executives and the Board of Directors. In 2014, shares and operations were traded between the group enterprises in connection with the preparation for the divestment of the Telecom operations.

The remuneration for the Board of Executives and the Board of Directors appears from note 4. Transactions with group enterprises have been eliminated in the consolidated financial statements. Transactions with associates comprise:

DKK '000	2014	2013
Trade receivables	808	1,185
Purchased supplies	79	0

Receivables from associates are recognised in the balance sheet, and interest thereon appears from note 6.

27. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date.

28. ACCOUNTING POLICIES

Dantherm A/S is a public limited company domiciled in Denmark. The financial part of the annual report for the period 1 January - 31 December 2014 comprises the consolidated financial statements of Dantherm A/S and its subsidiaries (the group) as well as separate financial statements of the parent.

The consolidated financial statements of Dantherm A/S for 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

BASIS OF PREPARATION

The annual report is presented in DKK rounded off to the nearest DKK '000.

The annual report has been prepared according to the historical cost principle, except for the following assets and liabilities, which are measured at fair value: Derivatives and any financial instruments in the trading portfolio and any financial instruments classified as held for sale.

The accounting policies, which are described below, have been applied consistently during the financial year and in relation to the comparative figures. The accounting policies have been applied consistently with last year.

Dantherm A/S has implemented the standards and interpretations which became effective in 2014. The new standards and interpretations have not affected recognition and measurement in the consolidated financial statements for 2014.

DESCRIPTION OF ACCOUNTING POLICIES

Consolidated financial statements

The consolidated financial statements cover the parent Dantherm A/S and subsidiaries in which Dantherm A/S has a controlling influence on the financial and operational policies of such enterprise with a view to obtaining a return or other advantages from its activities. A controlling influence is obtained by owning or controlling, directly or indirectly, more than 50% of the voting rights or otherwise controlling the enterprise in question.

Companies in which the group has a substantial, but not controlling influence, are considered to be associates. A significant influence is typically obtained by directly or indirectly owning or controlling more than 20%, but less than 50%, of the voting rights. When assessing whether Dantherm A/S has a controlling or a significant influence, potential voting rights which may be exercised at the balance sheet date are taken into consideration. A group chart is shown on page 25.

The consolidated financial statements are prepared as a summary of the parent's and the individual subsidiaries' financial statements determined according to the group's accounting policies, eliminating intercompany income and expenses, shareholdings, balances and dividends as well as realised and unrealised gains on transactions between the consolidated enterprises. Unrealised gains on transactions with associates are eliminated in proportion to the group's ownership interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains in so far as no impairment has occurred.

Investments in subsidiaries are offset against the proportionate share of the subsidiaries' fair value of identifiable net assets and recognised contingent liabilities on the date of acquisition.

The items of the subsidiaries are recognised wholly in the consolidated financial statements.

Foreign currency translation

A functional currency is determined for each of the reporting companies in the group. The functional currency is the currency which is used in the primary financial environment in which the individual reporting company operates. Transactions in currencies other than the functional currency are foreign currency transactions.

On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rate applicable at the transaction date. Exchange rate differences arising between the exchange rate applicable at the transaction date and the exchange rate applicable at the date of payment are recognised in the income statement under financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rate applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and the exchange rate applicable at the date at which the receivable or payable arose or the exchange rate applied in the latest annual report is recognised in the income statement under financial income or expenses.

On recognition in the consolidated financial statements of foreign enterprises with a functional currency which differs from Dantherm A/S's presentation currency, the income statements are translated using the exchange rate applicable at the transaction date, and the balance sheet items are translated using the exchange rate applicable at the balance sheet date. The average exchange rates for the individual months are used as the exchange rate applicable at the transaction date in so far as this does not alter the picture significantly. Exchange rate differences arising from the translation of the equity of foreign enterprises at the beginning of the year using the exchange rates applicable at the balance sheet date and the translation of income statements from the exchange rates applicable at the transaction date to the exchange rates applicable at the balance sheet date are recognised in other comprehensive income under a separate foreign currency translation reserve.

Foreign currency translation adjustment of balances with foreign enterprises which are considered to be part of the total net investment in the enterprise concerned is recognised in other comprehensive income under a separate foreign currency translation reserve.

In the event of full or partial divestment of foreign units or in the event of repayment of balances which are considered to be part of the net investment, the share of the accumulated foreign currency translation adjustments which are recognised directly in other comprehensive income under a separate foreign currency translation reserve, and which may be attributable thereto, is recognised in the income statement along with any gains or losses resulting from the divestment.

Derivative financial instruments

Derivative financial instruments are recognised as from the transaction date and are measured at fair value in the balance sheet. The fair value of derivative financial instruments is included in other receivables under current assets (positive fair values) and other payables under current liabilities (negative fair values), respectively, and positive and negative values are only offset when the company is entitled to and intends to settle several financial instruments net. The fair value of financial instruments is calculated on the basis of current market data and recognised valuation methods.

Changes in the fair value of derivative financial instruments which are classified as and meet the conditions for hedging future cash flows and which effectively hedge changes in the value of the hedged item are recognised in equity under a separate hedging reserve. Once the hedged transaction is realised, the gain or loss from such hedging transactions is transferred from equity and recognised under the same item as the hedged item.

For derivative financial instruments that do not meet the conditions for treatment as hedging instruments, changes in the fair value are recognised continuously in the income statement under net financials.

INCOME STATEMENT

Revenue

Revenue from the sale of goods for resale and manufactured goods is recognised in the income statement, provided that the risk has passed to the buyer before the end of the year and provided that the income can be measured reliably and is expected to be received. Revenue concerning services, including the sale of service, is recognised according to invoicing at the time of the service visit. Revenue is measured at fair value excluding VAT and taxes levied on behalf of a third party less rebates and discounts. Generally, the Dantherm group does not accept return goods, so no provisions are made for return goods.

Other operating expenses

Other operating expenses comprise items of a secondary nature in relation to the company's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise costs incurred to generate revenue, with the exception of direct and indirect production wages, which are included in staff costs.

Other external expenses

Other external expenses comprise distribution, selling, advertising and administration expenses as well as costs of premises, bad debts etc. Other external expenses also comprise development costs that do not qualify for capitalisation.

Staff costs

Staff costs comprise wages and salaries as well as social security expenses, pensions etc.

Share of profit/loss after tax in associates

The proportionate share of the associates' profit/loss after tax and minority interests and after elimination of the proportionate share of intercompany gains and losses is recognised in the consolidated income statement.

Financial income and expenses

Financial income and expenses comprise interest, capital gains and losses as well as write-downs of securities, payables and foreign currency transactions, amortisation of financial assets and liabilities as well as allowances and compensation under the tax prepayment scheme etc. Financial income and expenses also comprise realised and unrealised gains and losses concerning derivative financial instruments which cannot be classified as hedging agreements.

Tax on profit/loss for the year
The company is covered by the Danish rules on compulsory joint taxation of the Dantherm group's Danish companies. Subsidiaries are included in the joint taxation from the time of their inclusion in the consolidation in the consolidated financial statements until the time of their withdrawal from the consolidation. The company is an administration company for the joint taxation, settling all payments of income tax with the tax authorities.

The current Danish income tax is allocated by settling joint taxation contributions between the jointly taxed companies in relation to their taxable income. Companies using taxable losses in other companies pay a joint taxation contribution to the parent corresponding to the tax value of the utilised losses, while companies whose tax losses are used by other companies receive a joint taxation contribution from the parent corresponding to the tax value of the utilised losses (full allocation).

Tax for the year which consists of the current income tax for the year, the joint taxation contribution for the year and changes in deferred tax – also as a result of a change in the tax rate – is included in the net profit/loss for the year or in other comprehensive income.

ASSETS
Intangible assets
Goodwill
On initial recognition, goodwill is recognised at cost in the balance sheet. Goodwill is subsequently measured at cost less accumulated write-downs. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the cash-generating units of the group at the date of acquisition. The determination of cash-generating units follows the management structure and internal financial management.

Development projects, patents and licences
Clearly defined and identifiable development projects where the technical degree of utilisation, adequate resources and a potential future market or use in the company can be demonstrated, and where the intention is to produce, market or use the project, are recognised as intangible assets, provided that the cost can be calculated reliably and there is sufficient certainty that future earnings or the net selling price can cover the production, selling and development costs as well as administrative expenses. Other development costs are recognised in the income statement as incurred.

Recognised development costs are measured at cost less accumulated amortisation and impairment losses. Cost comprises salaries, amortisation and other costs attributable to the company's development activities.

Upon completion of the development work, development projects are amortised according to the straight-line method over their estimated useful lives. The amortisation period is 3-6 years. The basis of amortisation is also reduced by any impairment. Patents and licences are measured at cost less accumulated amortisation and impairment losses.

Patents and licences are amortised according to the straight-line method over the shorter of the remaining patent or contract period and useful life, the maximum being, however, six years. The basis of amortisation is reduced by any impairment losses.

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

Cost comprises the acquisition price and costs directly related to the acquisition until the time when the asset is ready for use. For internally manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and wages and salaries.

The lease of assets, where the group obtains actual benefits and risks associated with the ownership of an asset, is activated as financially leased assets. The cost is calculated at the lower value of the assets' fair value and the present value of the future minimum lease payments. For calculating the present value, the internal rate of interest of the lease or an approximation of this value is used as the discount rate. The corresponding finance lease commitments are recognised under liabilities. Lease costs concerning operating leases are recognised continuously in the income statement over the lease period.

Subsequent costs relating to, for example, the replacement of components of property, plant and equipment are included in the carrying amount of the asset concerned when it is probable that the incurrence will bring future financial benefits to the group. The carrying amount of the replaced components ceases upon recognition in the balance sheet and is transferred to the income statement. All other costs of ordinary repair work and maintenance are recognised in the income statement as incurred.

The cost of an overall asset is divided into separate components which are depreciated separately if the useful lives of the individual components differ.

Property, plant and equipment are depreciated according to the straight-line method over the assets' expected useful lives which are:

Building components	15-30 years
Leasehold improvements	5 years
Plant and machinery	3-8 years
Other plant, fixtures and fittings, tools and equipment	3-7 years

Land is not depreciated.

The basis of depreciation is determined taking into account the residual value of the asset and is reduced by any impairment. The depreciation period and the residual value are determined at the date of acquisition and reassessed on an annual basis. If the residual value exceeds the carrying amount of the asset, depreciation ceases.

In the event that the depreciation period or the residual value is changed, the depreciation effect is recognised prospectively as a change in the accounting estimate.

Investments in associates
Investments in associates are measured in the consolidated financial statements according to the equity method whereby the investments are measured in the balance sheet at the proportionate share of the companies' equity value calculated according to the group's accounting policies less or plus the proportionate share of unrealised intercompany gains and losses plus the carrying amount of goodwill. Investments in associates are tested for impairment when there is an indication of impairment.

Investments in associates with a negative carrying amount are measured at DKK 0.

Any receivables from such enterprises are impaired to the extent that such receivables are irrecoverable. If the enterprise has a legal or constructive obligation to cover a deficit which exceeds the receivable, the remaining amount is recognised under provisions.

Loans that supplement the net investment are treated as part of the net investment. According to the equity method, the recognition of losses on such loans continues until the receivable has been impaired to DKK 0.

Impairment of non-current assets
Goodwill and intangible assets with undefinable useful lives are tested at least once a year for impairment. Development projects in progress are also subject to an annual impairment test.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill has been allocated and is impaired to the recoverable amount in the income statement if the carrying amount is higher. The recoverable amount is usually calculated as the present value of the expected future cash flows from the company or activity (cash-generating unit) to which goodwill is attached.

Deferred tax assets are assessed on an annual basis and are only recognised to the extent that such assets are likely to be used.

The carrying amount of other non-current assets is assessed on an annual basis to establish whether there is any indication of impairment. If this is the case, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the asset's fair value less the expected costs of disposal or value in use. The value in use is calculated as the present value of the expected future cash flows from the asset or the cash-generating unit of which the asset is a part.

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under the item to which the impairment relates.

Impairment of goodwill is not reversed. Impairment of other assets is reversed to the extent that there have been changes to the preconditions and estimates leading to the impairment. Impairment is only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount of the asset after amortisation had the asset not been impaired.

Inventories
Inventories are measured at cost in accordance with the FIFO method. If the net realisable value is lower than the cost, this is impaired to the lower value.

The cost of goods for resale and raw materials and auxiliary materials comprises the acquisition price plus delivery costs.

The cost of manufactured goods and work in progress comprises the cost of raw materials, auxiliary materials, direct labour costs and indirect production costs. Production overheads comprise indirect materials and wages and salaries as well as the maintenance and depreciation of the machinery, factory buildings and equipment used in the production process as well as factory management and management costs.

The net realisable value of inventories is calculated as the selling price less completion costs and costs incurred to make the sale and is fixed with due regard to negotiability, obsolescence and developments in the expected selling price.

Receivables

Receivables are measured at amortised cost. If there is an indication of impairment, provisions for bad debts are made. Write-downs are made on an individual basis.

Write-downs are calculated as the difference between the carrying amount and the present value of expected cash flows, including the realisable value of any security received. The effective interest rate is used as the discount rate for the individual receivable or portfolio.

The recognition of interest on receivables written down as income is calculated for the value written down using the effective interest rate on the individual receivable or portfolio.

Prepaid expenses

Prepaid expenses are measured at amortised cost.

EQUITY

Dividend

Proposed dividend is recognised as a liability at the time of adoption at the annual general meeting (the time of declaration). Expected dividend payable for the year is shown as a separate item under equity.

Treasury shares

Acquisition prices and consideration as well as dividend on treasury shares are recognised directly in retained earnings in equity. Proceeds from the sale of treasury shares and the issue of shares in Dantherm A/S in connection with the exercise of share options or employee shares are recognised directly in equity.

Hedging reserve

Hedging reserve includes the accumulated net change in the fair value of hedging transactions which meet the criteria for hedging future cash flows and where the hedged transaction has not yet been realised.

Foreign currency translation reserve

Foreign currency translation reserve in the consolidated financial statements comprises currency translation differences arising from the translation of financial statements of foreign companies from their functional currencies to the Dantherm group's presentation currency (Danish kroner). In the event of full or partial realisation of the net investment, the foreign currency translation adjustments are recognised in the income statement.

LIABILITIES

Pension obligations

The group has made pension agreements and similar agreements with the majority of the employees of the group.

Liabilities concerning defined-contribution plans are recognised in the income statement in the period in which they are earned, and payments due are recognised in the balance sheet under other payables.

Current tax and deferred tax

Current tax payable and receivable are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on the taxable income of previous years and for taxes paid on account. Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group enterprises.

Deferred tax is measured using the balance sheet liability method on the basis of all temporary differences between the carrying amount and tax base of assets and liabilities. However, no recognition is made of deferred tax on temporary differences concerning non-amortisable goodwill and office properties for tax purposes and other items where temporary differences – except for acquisitions – have occurred at the date of acquisition without influencing the results or the taxable income. In cases where the tax value can be calculated according to several taxation rules, the deferred tax is measured on the basis of the use of the asset or the discontinuation of the obligation planned by the management.

Deferred tax assets, including the tax value of tax losses allowed for carry-forward, are recognised under other non-current assets at the value at which they are expected to be used, either by balancing against tax on future earnings or by offsetting against deferred tax liabilities within the same legal tax unit and jurisdiction.

An adjustment is made of deferred tax concerning eliminations of unrealised intercompany gains and losses.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries which will be applicable under the legislation in force at the balance sheet date when the deferred tax is expected to become current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Provisions

Provisions primarily comprise warranty commitments and restructuring obligations. Provisions are recognised when the group, following an event occurring before or on the balance sheet date, has a legal or constructive obligation, the settlement of which is likely to result in an outflow from the company of economic benefits and the size of the amount can be estimated reliably. In this context, the Dantherm group prepares an estimate based on the most likely outcome of the matter. In situations where the most likely outcome cannot be estimated reliably, such matters are recognised as a contingent liability.

Warranty commitments are recognised in step with the sale of goods and services on the basis of warranty costs incurred in previous financial years.

Restructuring costs are recognised as liabilities when a detailed, formal restructuring plan has been made available to the stakeholders affected by the plan no later than at the balance sheet date. A provision is recognised in respect of onerous contracts when the expected benefits of a contract for the group are smaller than the inevitable costs related to the contract (onerous contracts).

Financial liabilities

Payables to credit institutions etc. are recognised at the date of borrowing at the fair value less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, using the effective rate of interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under financial costs over the term of the loan. Financial liabilities also include the capitalised remaining lease obligation in respect of finance leases measured at amortised cost. Other liabilities are measured at amortised cost.

Leases

Lease commitments are divided into finance and operating lease commitments. A lease is classified as a finance lease when it essentially transfers the risks and benefits of owning the leased asset. Other leases are classified as operating leases. The accounting treatment of assets held under finance leases and the related commitment are described in the sections on property, plant and equipment and financial liabilities, respectively. Lease payments relating to operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

CASH FLOW STATEMENT

The cash flow statement shows the cash flows for the year divided into cash flows from operating activities, investing activities and financing activities for the year, changes in cash and cash equivalents for the year and cash and cash equivalents at the beginning and end of the year.

The effect on cash flow from the divestment of enterprises is recognised separately under cash flows from investing activities. Cash flows from enterprises divested are recognised in the cash flow statement until the date of divestment.

Cash flow from operating activities

Cash flows from operating activities are calculated according to the indirect method as the profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest paid and income tax paid.

Cash flow from investing activities

Cash flows from investing activities comprise payments in connection with the divestment of enterprises and activities, the purchase and sale of intangible assets, property, plant and equipment and other non-current assets as well as the purchase and sale of securities not recognised as cash and cash equivalents.

Cash flow from financing activities

Cash flows from financing activities comprise changes to the size and composition of share capital and costs incidental thereto as well as the arrangement of loans, the repayment of interest-bearing debt, the purchase and sale of treasury shares and the payment of dividend to shareholders. Cash flows from assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents

Cash and cash equivalents comprise cash, short-term bank debt and securities with a term to maturity of less than three months which can easily be converted into cash and to which only an immaterial risk of value changes attaches.

RATIOS

Earnings per share (EPS) and diluted earnings per share (EPS-D) are stated in accordance with IAS 33.

Other financial ratios have been calculated in accordance with 'Recommendations and Financials Ratios 2010' published by the Danish Society of Financial Analysts.

Reference is also made to the ratio definitions on page 62.

29. NEW ACCOUNTING REGULATION

IASB has issued the following new standards and interpretations which are not mandatory for Dantherm A/S in connection with the preparation of the annual report for 2014.

IFRS 9 and subsequent amendments to IFRS 9, IFRS 7 and IAS 39, IFRS 14, IFRS 15, amendments to IAS 16 and IAS 38, amendments to IAS 16 and IAS 41, amendments to IAS 19, amendments to IAS 27, amendments to IFRS 11, annual improvements to IFRSs 2010-2012 Cycle and annual improvements to IFRSs 2011-2013 Cycle.

The standards and interpretations which have not entered into force will be implemented as they become mandatory for Dantherm A/S. None of the new standards or interpretations are expected to have any significant impact on recognition and measurement for Dantherm A/S, although the analysis of the expected effect of the implementation of IFRS 9 and IFRS 15 has not yet been completed.

KEY FIGURES

Working capital	Current assets - cash - trade payables and other payables - income tax payable
Net interest-bearing debt	Non-current and current liabilities to credit institutions - cash

FINANCIAL RATIOS

Growth rate	$\frac{\text{Change in revenue x 100}}{\text{Last year's revenue}}$
Profit margin (EBIT %)	$\frac{\text{Operating profit/loss (EBIT) x 100}}{\text{Revenue}}$
Invested capital including goodwill	Equity + interest-bearing net debt - investments in associates - securities
Return on invested capital before tax (ROIC)	$\frac{\text{Operating profit/loss before amortisation of goodwill (EBITA) x 100}}{\text{Average invested capital including goodwill}}$
Equity interest	$\frac{\text{Equity at year-end x 100}}{\text{Total assets, year-end}}$

SHARE-RELATED RATIOS

Earnings per share (EPS)	$\frac{\text{Net profit/loss for the year}}{\text{Average no. of outstanding shares}}$
Diluted earnings per share (EPS-D)	$\frac{\text{Net profit/loss for the year}}{\text{Average no. of outstanding diluted shares}}$
Cash flow per share (CFPS)	$\frac{\text{Cash flow from operating activities}}{\text{Average number of shares}}$
Dividend per share	$\frac{\text{Proposed dividend to shareholders}}{\text{Average no. of shares}}$
Equity value at year-end	$\frac{\text{Equity at year-end}}{\text{Number of shares at year-end}}$
Price/equity value at year-end	$\frac{\text{Share price at year-end}}{\text{Equity value at year-end}}$

The ratios have been prepared in accordance with the Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2010' and IAS 33.

FINANCIAL STATEMENTS OF THE PARENT

INCOME STATEMENT

DKK '000	Note	2014	2013
Revenue	**2**	**5,469**	**5,501**
Other operating expenses		-2,217	-818
Other external expenses	3	-4,538	-4,657
Staff costs	3	-6,143	-6,376
Loss before depreciation, amortisation, impairment losses and write-downs (EBITDA)		**-7,429**	**-6,350**
Depreciation and impairment losses on property, plant and equipment	7	0	-30
Operating loss (EBIT)		**-7,429**	**-6,380**
Share of loss after tax in associates	8	0	-18,527
Write-down of investments in subsidiaries	8	-45,798	-10,000
Financial income	4	389	1,822
Financial expenses	5	-7,918	-6,831
Loss before tax		**-60,756**	**-39,916**
Tax on loss for the year	6	-111	-27
NET LOSS FOR THE YEAR		**-60,867**	**-39,943**
Proposed appropriation account			
Retained earnings		-60,867	-39,943
		-60,867	**-39,943**

STATEMENT OF COMPREHENSIVE INCOME

DKK '000	2014	2013
Net loss for the year	-60,867	-39,943
Total comprehensive income	**-60,867**	**-39,943**

ASSETS

DKK '000	Note	31.12.14	31.12.13
Non-current assets			
Property, plant and equipment			
Other plant, fixtures and fittings, tools and equipment	7	0	0
Total property, plant and equipment		**0**	**0**
Other non-current assets			
Investments in subsidiaries	8	224,229	259,527
Investments in associates	8	0	0
Other non-current assets, total		**224,229**	**259,527**
Total non-current assets		**224,229**	**259,527**
Current assets			
Receivables	9	3,190	1,921
Income tax receivable		4,380	1,250
Prepayments		35	0
Total current assets		**7,605**	**3,171**
TOTAL ASSETS		231,834	262,698

EQUITY AND LIABILITIES

DKK '000	Note	31.12.14	31.12.13
Equity			
Share capital	10	71,906	71,906
Retained earnings		28,712	89,579
Total equity		**100,618**	**161,485**
Current liabilities			
Credit institutions	11	106,826	81,224
Trade payables and other payables	12	24,390	19,989
Total current liabilities		**131,216**	**101,213**
Total liabilities		**131,216**	**101,213**
TOTAL EQUITY AND LIABILITIES		**231,834**	**262,698**
Contingent liabilities	13		
Contractual obligations	14		
Notes without reference	15, 16, 17, 18		

STATEMENT OF CHANGES IN EQUITY

DKK '000	Share capital	Retained earnings	Total equity
Equity as at 1 January 2013	**71,906**	**129,522**	**201,428**
Comprehensive income 2013			
Net loss for the year	0	-39,943	-39,943
Total comprehensive income 2013	**0**	**-39,943**	**-39,943**
Equity as at 31 December 2013	**71,906**	**89,579**	**161,485**
Equity as at 1 January 2014	**71,906**	**89,579**	**161,485**
Comprehensive income 2014			
Net loss for the year	0	-60,867	-60,867
Total comprehensive income 2014	**0**	**-60,867**	**-60,867**
Equity as at 31 December 2014	**71,906**	**28,712**	**100,618**

CASH FLOW STATEMENT

DKK '000	Note	2014	2013
Loss before tax		**-60,756**	**-39,916**
Adjustment for non-cash operating items etc.:			
Depreciation, amortisation, impairment losses and write-downs		0	30
Share of profit after tax in associates		0	18,527
Impairment of subsidiary		45,798	10,000
Financial income		-389	-1,822
Financial expenses		7,918	6,831
Cash flow from primary operations before changes in working capital		**-7,429**	**-6,350**
Change in receivables		-3,655	1,138
Change in trade payables etc.		613	-754
Cash flow from primary operations		**-10,471**	**-5,966**
Interest income received		389	1
Interest expenses paid		-7,918	-6,831
Cash flow from ordinary operations		**-18,000**	**-12,796**
Income tax paid		-111	-27
Cash flow from operating activities		**-18,111**	**-12,823**
Investments in subsidiaries	8	-10,500	0
Cash flow from investing activities		**-10,500**	**0**
Loan financing:			
Change in intercompany accounts with group enterprises		3,009	-115
Cash flow from financing activities		**3,009**	**-115**
Cash flow for the year		**-25,602**	**-12,938**
Cash and cash equivalents, beginning of year		-81,224	-68,286
Cash and cash equivalents, year-end		**-106,826**	**-81,224**
Cash, year-end, comprises:			
Short-term bank debt		-106,826	-81,224
Cash and cash equivalents, year-end		**-106,826**	**-81,224**

NOTES

1. ACCOUNTING ESTIMATES AND ASSESSMENTS

When calculating the carrying amount of certain assets and liabilities, an estimate is required of how future events will affect the value of such assets and liabilities at the balance sheet date. Estimates which are important to the financial reporting of the parent are, for example, made when determining the need for write-downs of investments in subsidiaries.

A test for impairment of investments in subsidiaries is made if events or a change in circumstances indicates that the carrying amount is not recoverable. The measurement of subsidiaries requires significant estimates in connection with the different assumptions, including expected future cash flows, discount rate and growth rates in the terminal period. The sensitivity to changes in the assumptions applied – collectively or individually – may be considerable.

The estimates applied are based on assumptions which the management deems reasonable, but which are naturally uncertain and unpredictable. These assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. Moreover, the company is exposed to risks and uncertainties which may cause the actual results to deviate from these estimates.

The management estimates that the application of the parent's accounting policies does not entail any assessments in addition to estimates which may have a significant impact on the amounts recognised in the financial statements.

DKK '000	2014	2013

2. REVENUE

Management fee	5,469	5,501
Total revenue	**5,469**	**5,501**

3. COSTS

Fees for auditors appointed by the general meeting		
Audit	141	189
Tax and VAT consultancy services	99	42
Non-audit services	147	101
Total fees for auditors appointed by the general meeting	**387**	**332**
Staff costs		
Wages and salaries	5,976	6,198
Defined-contribution plans	134	139
Other social security expenses	33	39
Total staff costs	**6,143**	**6,376**
Average number of employees	4	4
Remuneration of the Board of Directors and Board of Executives		
The Board of Directors of the parent	1,234	1,538
The Board of Executives of the parent	3,788	3,762
Total remuneration for the Board of Directors and the Board of Executives	**5,022**	**5,300**

A description of the remuneration for the Board of Directors and the Board of Executives is given in note 4 of the consolidated financial statements.

DKK '000	2014	2013

4. FINANCIAL INCOME

Interest income from associates	0	1,822
Foreign exchange gains	389	0
Total financial income	**389**	**1,822**
Interest on financial assets measured at amortised cost amounts to	0	1,822

5. FINANCIAL EXPENSES

Interest expenses to group enterprises	817	787
Interest expenses and fees	7,080	5,995
Market value adjustments and losses on securities	21	49
Total financial expenses	**7,918**	**6,831**
Interest on financial liabilities measured at amortised cost amounts to	7,897	6,782

6. TAX

Current tax for the year comprises:		
Other taxes, including withholding tax	-111	-27
Total	**-111**	**-27**
Tax on profit/loss for the year comprises:		
Loss before tax	-60,756	-39,916
Tax rate	24.5%	25%
Calculated tax income	14,885	9,979
Tax on non-taxable income	0	249
Tax concerning write-downs of investments	-11,221	-7,132
Tax losses which are not recognised	-3,664	-3,096
Other taxes	-111	-27
Total	**-111**	**-27**
Effective tax rate	0%	0%

DKK '000	31.12.14	31.12.13

7. PROPERTY, PLANT AND EQUIPMENT

Other plant, fixtures and fittings, tools and equipment		
Cost as at 1 January	1,275	1,275
Cost as at 31 December	**1,275**	**1,275**
Depreciation as at 1 January	1,275	1,245
Depreciation	0	30
Depreciation as at 31 December	**1,275**	**1,275**
Carrying amount as at 31 December	**0**	**0**

8. OTHER NON-CURRENT ASSETS

DKK '000	Investments in group enterprises	Investments in associates
Cost as at 1 January 2013	506,796	33,150
Additions relating to debt conversion	0	15,412
Cost as at 31 December 2013	**506,796**	**48,562**
Value adjustments as at 1 January 2013	-237,269	-33,100
Impairment losses for the year	-10,000	-15,462
Value adjustments as at 31 December 2013	**-247,269**	**-48,562**
Carrying amount as at 31 December 2013	**259,527**	**0**
Cost as at 1 January 2014	506,796	48,562
Additions	10,500	0
Cost as at 31 December 2014	**517,296**	**48,562**
Value adjustments as at 1 January 2014	-247,269	-48,562
Impairment losses for the year	-45,798	0
Value adjustments as at 31 December 2014	**-293,067**	**-48,562**
Carrying amount as at 31 December 2014	**224,229**	**0**

Name	Domicile	Ownership interest 2014	Ownership interest 2013
Subsidiaries:			
Dantherm HVAC Holding A/S	Skive, Denmark	100%	-
Dantherm Cooling Holding A/S	Skive, Denmark	100%	100%
Associates:			
Dantherm Power A/S	Hobro, Denmark	38.7%	38.7%

Accounting information relating to Dantherm Power appears from note 12 in the consolidated financial statements.

At the end of 2013 and 2014, the management tested the carrying amount of investments for impairment. When performing the impairment test, the recoverable amount corresponding to the discounted value of expected future net cash flows or the net selling price was compared with the carrying amount.

The recoverable amount for the HVAC business is based on the value in use. Expected future net cash flows are based on the budget for 2015 approved by the management, a three-year projection and a terminal value. The discount rate used to calculate the recoverable amount amounted to approx. 13% before tax in 2013 and 2014 and reflects the risk-free interest rate plus market risks, among other things. A growth rate of 1% is assumed for the terminal period. For the Telecom business, the recoverable amount is based on the share transfer agreement concluded with the buyer.

The carrying amount of investments in subsidiaries in the parent exceeds the valuation in the consolidated financial statements, and the cost does therefore not reflect the realised losses in recent years. At the end of 2014, an impairment of DKK 45,798k was made to the recoverable amount. At the end of 2013, an impairment of DKK 10,000k was made.

DKK '000	31.12.14	31.12.13

9. RECEIVABLES

Receivables from group enterprises	2,383	1,604
Other receivables	807	317
Total receivables	**3,190**	**1,921**
Receivables falling due after 12 months comprise	0	0

Credit risks

The credit risks of the parent essentially concern receivables from subsidiaries, and the risk is therefore not hedged. No security has been furnished for receivables. The maximum credit risk amounts to DKK 3,190k (2013: DKK 1,921k).

10. EQUITY

	No. of shares		Nominal value (DKK '000)	
Share capital	**2014**	**2013**	**2014**	**2013**
1 January	7,190,574	7,190,574	71,906	71,906
31 December	**7,190,574**	**7,190,574**	**71,906**	**71,906**

The share capital comprises 7,190,574 shares with a nominal value of DKK 10 each. The shares are not divided into classes.

Treasury shares

	No. of shares		Nominal value (DKK '000)	
	2014	**2013**	**2014**	**2013**
1 January	80,526	80,526	805	805
31 December	**80,526**	**80,526**	**805**	**805**
Treasury shares' share of the share capital	**1.1%**	**1.1%**		

The share capital comprises 7,190,574 shares with a nominal value of DKK 10 each. The shares are not divided into classes.

The Board of Directors has been authorised by the general meeting to increase the company's share capital in one or more rounds by up to a nominal value of DKK 28,094,260 (both with and without pre-emption rights for existing shareholders) through the subscription of new shares at a price specified by the Board of Directors (without pre-emption rights at the market price). The authorisation is valid until 10 April 2018.

Dantherm A/S has been authorised by the general meeting to let the company buy treasury shares up to a total nominal value of 10% of the share capital. The consideration paid must not deviate by more than 10% from the currently listed share price at the time of purchase. This authorisation is valid until the annual general meeting in 2016.

No treasury shares were traded in 2013 and 2014.

See note 15 in the consolidated financial statements for a description of the company's capital management.

DKK '000	31.12.14	31.12.13

11. PAYABLES TO CREDIT INSTITUTIONS

Payables to credit institutions are recognised as follows:		
Short-term payables	106,826	81,224
Total payables to credit institutions	**106,826**	**81,224**

11. PAYABLES TO CREDIT INSTITUTIONS – CONTINUED

The parent's risk management policy

As a result of its operations, investments and financing, the parent is exposed to changes in interest rate levels. It is parent policy to identify and hedge all significant financial risks in an expedient way and not to engage in active speculation in financial risks.

Currency risks

The parent is not exposed to any currency risks in relation to loans as these are all arranged in DKK.

Interest rate risks

The parent's bank financing carries a floating interest rate. This involves a risk of interest payments being changed, both in the short and in the long term. The company regularly assesses the expediency of entering into agreements fully or partly hedging the interest rate risk.

All else being equal, an increase in interest rate levels of 1% per year in 2013 and 2014 on floating-rate loans relative to the interest rate level at the balance sheet date would have had a negative impact on the profit/loss and equity of approx. DKK 1m. Similarly, a fall in interest rate levels would have had a positive impact.

Liquidity risks

In connection with the raising of loans, it is parent policy to ensure the greatest possible flexibility through a spreading of the loans in terms of date of maturity/renegotiation and counterparties while taking pricing into account. The group's cash resources consist of cash and cash equivalents and undrawn credit facilities. The group aims at having adequate cash resources to be able to continue to make expedient arrangements in case of unforeseen fluctuations in liquidity. At the end of 2014, the group had undrawn cash resources of DKK 15m against DKK 13m at the end of 2013.

In February 2014, Dantherm renegotiated its agreement with the primary credit institutions, which granted an extension of the agreement until 31 March 2015. The agreement comprises the usual covenants. In consequence of the delayed closing of the Telecom divestment and the financial developments in 2014, Dantherm was not able to meet the covenants relating to 'Net interest-bearing debt/EBITDA', 'EBITDA/interest expenses' and 'Equity ratio' as at 30 June, 30 September and 31 December 2014. As a result, Dantherm received waivers from the credit institutions conditional upon the closing of the Telecom divestment. The conditions had not been met as at 31 December 2014.

As a consequence of the postponed closing of the Telecom divestment, in March Dantherm renegotiated its agreement on committed facilities with the primary credit institutions, which expires on 31 March 2015. The credit institutions have undertaken to extend the committed facilities until January 2016. The agreed credit facilities are on a par with the expected cash needs.

Dantherm's management will continue to assess opportunities for strengthening Dantherm's capital base.

		Effective interest rate		Carrying amount	
Loan	**Fixed/floating**	**31.12.14**	**31.12.13**	**31.12.14**	**31.12.13**
DKK	Floating	5-8%	4-7%	106,826	81,224
Total				**106,826**	**81,224**

The loan is comprised by the group's agreement with its primary credit institutions. Reference is made to note 25 in the consolidated financial statements.

The carrying amount corresponds to the fair value of the loan.

DKK '000	**31.12.14**	**31.12.13**

12. TRADE PAYABLES AND OTHER PAYABLES

Payables to group enterprises	15,149	11,360
Trade payables	276	359
Other payables	8,965	8,270
Total trade payables and other payables	**24,390**	**19,989**

13. CONTINGENT LIABILITIES

The parent is jointly and severally liable with other group enterprises for the group's debt with the main banks which totals DKK 125,120k, including the company's own debt. (2013: DKK 111,020k).

The parent has guaranteed the subsidiaries' outstanding balance with FIH which totals DKK 82,124k (2013: DKK 88,181k).

The parent has provided security for payables to credit institutions in an associate, amounting to DKK 0.1m as at 31 December 2014.

The parent is jointly taxed with the other Danish group enterprises. As the administration company, the parent has accepted joint and several unlimited liability for Danish income tax and withholding tax on dividend, interest and royalties within the jointly taxed enterprises. There is no income tax or withholding tax payable. Any subsequent corrections of the jointly taxable income or withholding tax may result in a change of the company's liability.

The parent is jointly and severally liable with the jointly registered group enterprises Dantherm Air Handling A/S, Dantherm Cooling Holding A/S, Dantherm Cooling A/S and Dantherm HVAC Holding A/S for the total VAT commitment of DKK 2,329k (2013: DKK 2,264k).

The shares in Dantherm Cooling Holding A/S and Dantherm HVAC Holding A/S have been pledged with the group's banks.

DKK '000	31.12.14	31.12.13
14. CONTRACTUAL OBLIGATIONS		
Contractual obligations include leases of cars and premises.		
Obligations in respect of lease and operating lease payments constitute:		
Next year	102	324
2-5 years	0	1,258
After 5 years	0	0
Total contractual obligations	**102**	**1,582**
Operating leases and leases recognised in the income statement	102	105

15. RELATED PARTIES

See note 26 in the consolidated financial statements for a description of related parties.

The parent's balances with group enterprises are stated in notes 9 and 12 and carry floating market interest rates.

Interest on balances with group enterprises is stated in notes 4 and 5.

A management fee of DKK 5,469k (2013: DKK 5,501k) has been invoiced to the subsidiaries.

The parent is jointly taxed with the other Danish group enterprises, which makes the company liable for Danish income tax and withholding tax on dividend, interest and royalties within the jointly taxed enterprises.

16. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date.

17. ACCOUNTING POLICIES

The financial statements of the parent are prepared in accordance with the requirements of the Danish Financial Statements Act for the preparation of separate financial statements of parents.

The 2014 financial statements of the parent have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The accounting policies have been applied consistently with last year.

DESCRIPTION OF ACCOUNTING POLICIES

The accounting policies applied by the parent (see note 28) deviate from those applied in the consolidated financial statements in the following respects:

REVENUE

Allocation of profit from investments in subsidiaries and associates is recognised in the income statement of the parent in the financial year in which the dividend is declared. If the allocated amount exceeds the comprehensive income of the subsidiaries or associates for the period, an impairment test is carried out.

Furthermore, interest income from any equity-like loans granted to subsidiaries is included in revenue by the amount concerning the financial year.

Revenue also includes management fees collected from the subsidiaries of the parent.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries and associates are measured at cost. If there are any indications of impairment, an impairment test is carried out as described in the consolidated financial statements. Where the cost exceeds the recoverable amount, impairment is made to this lower amount.

Allocation of reserves other than accumulated earnings from subsidiaries and associates reduces the cost price of investments when the payment is in the nature of repayment of a parent investment.

19. NEW ACCOUNTING REGULATION

Reference is made to the description of the new accounting regulation in note 29 in the consolidated financial statements.

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