

# Time Export A/S

Søndervang 3  
9640 Farsø  
Denmark

CVR No. 12 31 56 00

## Annual report 2016

The annual report was presented and approved at the Company's annual general meeting	
on <u>15.03</u>	20 <u>17</u>
<u>Kim Jensen</u> chairman of the annual general meeting	

FINAL Annual report 2016 (295971\_1).DOCX

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Time Export A/S for the financial year 1 January – 31 December 2016.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016.

In our opinion, the Management's review includes a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

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

Farsø, 15 March 2017  
Executive Board:

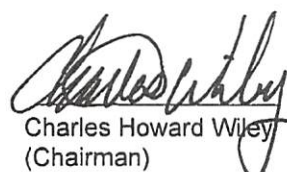


Per Cæsar Torp



Kim Bach Jensen

Board of Directors:



Charles Howard Wiley  
(Chairman)



Jay Tolan Jeffrey



David Post



## **Independent auditor's report**

### **To the shareholders of Time Export A/S**

#### **Conclusion**

We have audited the consolidated financial statements and the parent company financial statements of Time Export A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standard on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibility for the consolidated financial statements and the parent company financial statements**

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



## **Independent auditor's report**

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements**

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.





## **Independent auditor's report**

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are in-adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement on the Management's review**

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.



## Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aalborg, 15 March 2017

**KPMG**

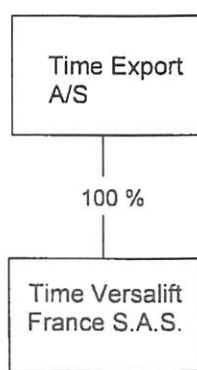
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CVR no. 25 57 81 98



Steffen S. Hansen  
State Authorised  
Public Accountant

## Management's review

### Group chart





## Management's review

### Financial highlights for the Group

DKK'000	2016	2015	2014	2013	2012
<b>Key figures</b>					
Gross profit	66,670	60,167	50,024	54,540	49,643
Operating profit/loss	8,055	9,793	-432	5,025	6,978
Profit/loss from financial income and expenses	-1,374	-1,200	-1,262	-1,387	-1,097
Profit/loss before tax	6,681	7,860	-1,991	5,026	6,978
Profit/loss for the year	5,381	6,094	-1,663	3,752	5,187
Fixed assets	15,141	15,371	18,531	19,952	17,880
Current assets	105,232	85,402	76,777	83,786	65,972
Total assets	120,373	100,773	95,308	103,738	83,852
Investments in property, plant and equipment	7,313	6,451	11,870	9,249	9,066
Equity	34,346	28,963	22,869	26,872	23,120
Provisions	2,920	2,885	1,676	2,538	2,188
Non-current liabilities	41,713	36,171	35,582	3,034	2,082
Current liabilities	41,394	32,754	35,180	72,193	49,827
Solvency ratio	28,5%	28,7%	24,0%	25,9%	27,5%

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios have been calculated as follows:

$$\text{Solvency ratio} = \frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

## **Management's review**

### **Operating review**

#### **Principal activities of the Group**

The Group is engaged in the sale and service of lifts both in Denmark and abroad.

#### **Development in activities and financial position**

The Group realised a satisfactory sales development in 2016, and profit before tax came in at DKK 6.7 million as against a profit of DKK 7.9 million for 2015.

Management considers the profit for the year highly satisfactory.

In April 2016, the Parent Company established its own manufacturing, distribution and service facility in France. Profit for the year was negatively affected by costs arising from the start-up of the new activities in France. Start-up costs affected the consolidated and parent company income statement by approx. DKK 3.9 million before tax.

This investment is expected to improve our market position on the French market going forward.

#### **Outlook**

The business is still faced with fierce competition and intensified price pressure in all markets. Despite this, Management still expects to report a profit for 2017.

#### **Development projects**

In the year under review, the Company developed new products and working methods, which in particular will strengthen future sales on the Company's primary markets.

Development costs of DKK 3.5 million were expensed in 2016. These costs comprise materials and direct payroll. Moreover, capitalised development costs totalling DKK 0.6 million were amortised.

Product development is deemed to remain a top priority for the Company in the coming years. As a result, the Company must continuously be able to attract and retain employees with relevant expert knowledge.

#### **Events after balance sheet date**

No events have occurred after the end of the financial year with a significant impact on the financial position of the Company.

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

### Income statement

DKK	Note	Group	Parent Company	
		2016	2016	2015
<b>Gross profit</b>		66,670,437	69,246,304	60,167,394
Staff costs	2	-52,223,520	-50,766,167	-44,037,969
Depreciation and amortisation of property, plant and equipment and intangible assets		-6,392,083	-6,320,849	-6,336,470
<b>Operating profit</b>		8,054,834	12,159,288	9,792,955
Income from investments in subsidiaries after tax		0	-2,804,489	-733,646
Financial income		3,990	44,441	55,071
Financial expenses	3	-1,378,066	-1,365,682	-1,254,527
<b>Profit before tax</b>		6,680,758	8,033,558	7,859,853
Tax on profit for the year	4	-1,299,599	-2,652,399	-1,766,178
<b>Profit for the year</b>	5	5,381,159	5,381,159	6,093,675

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

### Balance sheet

DKK	Note	Group	Parent Company	
		2016	2016	2015
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible assets	6			
Development costs		0	0	614,422
		0	0	614,422
<b>Property, plant and equipment</b>	7			
Fixtures and fittings, tools and equipment		5,638,599	4,948,664	4,191,404
Plant and machinery		2,798,977	2,435,818	1,997,357
Leasehold improvements		2,592,977	2,085,610	3,363,024
Rental assets		4,110,282	3,971,645	5,204,654
		15,140,835	13,441,737	14,756,439
<b>Investments</b>	8			
Equity investments in group entities		0	0	0
		0	0	0
<b>Total fixed assets</b>		15,140,835	13,441,737	15,370,861
<b>Current assets</b>				
<b>Inventories</b>				
Raw materials and consumables		28,399,315	26,321,983	24,801,195
Work in progress, produced for own inventory		12,431,878	11,315,878	11,974,530
Work in progress, produced for customer order		5,997,051	5,997,051	8,826,214
Finished goods and goods for resale		15,353,996	12,484,996	9,073,275
		62,182,240	56,119,908	54,675,214
<b>Receivables</b>				
Trade receivables		34,230,705	34,185,510	24,800,229
Amounts owed by group entities		4,451,788	13,092,682	4,652,356
Other receivables		1,261,224	111,181	102,572
Deferred tax asset	9	1,300,000	0	0
Prepayments		1,333,155	850,127	1,161,277
		42,576,872	48,239,500	30,716,434
<b>Cash at bank and in hand</b>		472,630	27,579	10,633
<b>Total current assets</b>		105,231,742	104,386,987	85,402,281
<b>TOTAL ASSETS</b>		120,372,577	117,828,724	100,773,142

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

### Balance sheet

	Note	Group	Parent Company	
		2016	2016	2015
DKK				
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		600,000	600,000	600,000
Retained earnings		33,746,006	33,746,006	28,363,110
<b>Total equity</b>		<b>34,346,006</b>	<b>34,346,006</b>	<b>28,963,110</b>
<b>Provisions</b>				
Provisions for deferred tax	9	895,098	947,898	1,285,373
Warranty provisions		2,025,000	2,025,000	1,600,000
<b>Total provisions</b>		<b>2,920,098</b>	<b>2,972,898</b>	<b>2,885,373</b>
<b>Liabilities other than provisions</b>				
<b>Non-current liabilities other than provisions</b>	10			
Payables to group entities		33,454,800	33,454,800	33,581,250
Lease liabilities		2,460,404	2,460,404	2,589,812
Bank loans		5,797,631	5,797,631	0
		<b>41,712,835</b>	<b>41,712,835</b>	<b>36,171,062</b>
<b>Current liabilities other than provisions</b>				
Current portion of non-current liabilities		3,124,743	3,124,743	1,473,709
Bank loans and overdrafts		7,037,368	7,015,965	195,085
Trade payables		20,765,580	19,672,052	25,876,754
Payables to group entities		732,910	0	151,174
Other payables		7,946,083	7,197,271	4,818,122
Taxes payable		1,786,954	1,786,954	238,753
		<b>41,393,638</b>	<b>38,796,985</b>	<b>32,753,597</b>
<b>Total liabilities other than provisions</b>		<b>83,106,473</b>	<b>80,509,820</b>	<b>68,924,659</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>120,372,577</b>	<b>117,828,724</b>	<b>100,773,142</b>
<b>Contractual obligations, contingencies, etc.</b>	11			
<b>Related parties</b>	12			
<b>Events after the balance sheet date</b>	13			



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

### Statement of changes in equity

	Group		
	Share capital	Retained earnings	Total
DKK			
Equity at 1 January 2016	600,000	28,363,110	28,963,110
Transferred over the profit appropriation	0	5,381,159	5,381,159
Exchange rate adjustment, foreign subsidiary	0	1,737	1,737
Equity at 31 December 2016	600,000	33,746,006	34,346,006

	Parent Company		
	Share capital	Retained earnings	Total
DKK			
Equity at 1 January 2015	600,000	22,269,435	22,869,435
Transferred over the profit appropriation	0	6,093,675	6,093,675
Equity at 1 January 2016	600,000	28,363,110	28,963,110
Transferred over the profit appropriation	0	5,381,159	5,381,159
Exchange rate adjustment, foreign subsidiary	0	1,737	1,737
Equity at 31 December 2016	600,000	33,746,006	34,346,006

The shares comprises 600 shares of a nominal amount of DKK 1,000 or multiples thereof. No shares carry special rights.

There have been no changes in the share capital for the past four years.

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

### Cash flow statement

DKK	Note	2016 (Group)	2016 (Parent)	2015 (Parent)
Profit for the year		5,381,159	5,381,159	6,093,675
Depreciation, amortisation and imp		6,392,084	6,320,849	6,336,470
Financial income and expenses		1,372,808	1,372,808	1,199,456
Exchange rate adjustments		1,699	1,737	0
Tax on profit for the year		1,299,599	2,652,399	1,766,178
Cash generated from operations before changes in working capital		14,447,349	15,728,952	15,395,779
Changes in working capital				
Change in inventories		-7,507,026	-1,444,694	-8,519,109
Change in receivables		-10,560,437	-17,523,065	-407,040
Change in provisions		425,000	425,000	3,936,001
Change in liabilities		-1,401,479	-3,976,728	158,000
Changes in working capital		-19,043,942	-22,519,487	-4,832,148
Cash flows from operations, interest and tax		-4,596,593	-6,790,535	10,563,631
Interest income		3,990	3,990	55,071
Interest expense		-1,376,797	-1,376,797	-1,254,527
Cash flows from operating activities before tax		-5,969,400	-8,163,342	9,364,175
Corporation tax paid		-1,441,673	-1,441,673	-191,564
Cash flows from operating activities		-7,411,073	-9,605,015	9,172,611
Acquisition of property, plant and equipment		-7,313,474	-5,543,180	-6,450,830
Disposals of property, plant and equipment		1,151,455	1,151,455	3,249,000
Disposals of subsidiaries		0	0	175,530
Liquidation of subsidiary		0	0	41,387
Cash flows from investing activities		-6,162,019	-4,391,725	-2,984,913
Proceeds from intercompany loan		-126,450	-126,450	85,050
Proceeds from mortgage debt		7,448,131	7,448,131	2,390,624
Proceeds from leasing debt		1,344,835	1,344,835	0
Repayment of long-term debt		-1,473,709	-1,473,709	-2,261,067
Cash flows from financing activities		7,192,807	7,192,807	214,607
Cash flows for the year		-6,380,285	-6,803,933	6,402,305
Cash and cash equivalents at the beginning of the year		-184,452	-184,452	-6,586,757
Cash and cash equivalents at year end		-6,564,737	-6,988,385	-184,452

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

### **Notes**

#### **1 Accounting policies**

The annual report of Time Export A/S for 2016 has been presented in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

As from 1 January 2016, the Group has implemented Act no. 738 of 1 June 2015.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

#### **Consolidated financial statements**

The consolidated financial statements comprise the Parent Company, Time Export A/S, and subsidiaries in which Time Export A/S directly or indirectly holds more than 50% of the votes or in some other way exercises control. A group chart is included on page 7.

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

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

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

### **Notes**

#### **1 Accounting policies (continued)**

##### **Foreign currency translation**

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

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

Upon recognition of foreign subsidiaries and associates which are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity.

Upon recognition of foreign subsidiaries which are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

##### **Income statement**

###### **Gross profit**

In accordance with section 32 of the Danish Financial Statements Act, revenue, operating costs and other external costs are aggregated into the financial statement caption gross profit.



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

### **Notes**

#### **1 Accounting policies (continued)**

##### **Revenue**

Income from the sale of goods, comprising the sale of tailored lifts and vehicles, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

A contract is broken down by individual transactions when the fair value of the individual sales transactions may be reliably measured, and the individual sales transactions are of separate value to the buyer. Sales transactions are deemed to be of a separate value to the buyer when the transaction is individually identifiable and usually sold individually. The contract price is broken down by the individual sales transactions in accordance with the relative current cost approach. The separate sales transactions are recognised as revenue when complying with the criteria applying to the sale of goods and services.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

##### **Staff costs**

Staff costs comprise salaries and wages, including holiday allowance, pension and other social security costs, etc. to the Company's employees.

##### **Income from equity investments in subsidiaries**

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

##### **Financial income and expenses**

Financial income and expenses comprise interest income and expense and currency adjustment.



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

### Notes

#### 1 Accounting policies (continued)

##### Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit for the year is recognised in the income statement at the amount attributable to the profit for the year and directly in equity at the amount attributable to entries directly in equity.

### Balance sheet

#### Intangible assets

##### *Development projects*

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 2-3 years, however, not exceeding 20 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as operating income or operating costs, respectively.

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, energy consumption, staff and depreciation of machinery used.

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

### Notes

#### 1 Accounting policies (continued)

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The depreciable amount, which is calculated as cost less any projected residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and machinery	5 years
Fixtures and fittings, tools and equipment	3-7 years
Rental assets	3-8 years
Leasehold improvements	5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement under depreciations.

#### Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

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

### **Notes**

#### **1 Accounting policies (continued)**

##### **Investments**

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses.

Subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the negative net asset value if the amount owed is considered irrecoverable. Where the negative net asset value exceeds the amount owed, the remaining amount is recognised as provisions if the parent company has a legal or constructive obligation to cover the entity's deficit.

##### **Inventories**

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

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

Work in progress and finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production overhead comprise indirect materials and wages and salaries as well as factory administration and maintenance.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

##### **Receivables**

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

##### **Prepayments**

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.



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

### Notes

#### 1 Accounting policies (continued)

##### Equity

###### *Dividends*

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

##### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

##### Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Warranties comprise obligations to make good any defects within the warranty period of 1-2 years. Provisions are recognised based on the Company's experience with warranties.

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

### **Notes**

#### **1 Accounting policies (continued)**

##### **Liabilities other than provisions**

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

##### **Cash flow statement**

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

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

##### **Cash flows from operating activities**

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

##### **Cash flows from investing activities**

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

##### **Cash flows from financing activities**

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividend to owners.

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.



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

### Notes

	Group	Parent Company	
	2016	2016	2015
<b>2 Staff costs</b>			
DKK			
Wages and salaries	47,436,963	46,517,205	40,262,949
Pensions	3,928,406	3,390,811	2,999,021
Other social security costs	858,151	858,151	775,999
	<u>52,223,520</u>	<u>50,766,167</u>	<u>44,037,969</u>
Average number of full-time employees	<u>112</u>	<u>111</u>	<u>99</u>
Hereof Executive Board:			
Wages and salaries	3,058,340	3,058,340	
Pension	129,557	129,557	
	<u>3,187,897</u>	<u>3,187,897</u>	
<b>3 Financial expenses</b>			
Interest expense to group entities	576,336	576,336	642,356
Other interest expense	801,730	789,346	612,171
	<u>1,378,066</u>	<u>1,365,682</u>	<u>1,254,527</u>
<b>4 Tax on profit for the year</b>			
Current and deferred tax for the year	<u>1,299,599</u>	<u>2,652,399</u>	<u>1,766,178</u>
which is specified as follows:			
Current corporation tax for the year	2,989,874	2,989,874	714,753
Current deferred tax for the year	-1,718,594	-365,794	1,155,829
Change in deferred tax regarding previous years	28,319	28,319	-104,404
	<u>1,299,599</u>	<u>2,652,399</u>	<u>1,766,178</u>

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

### Notes

#### 5 Proposed profit appropriation

	Parent Company	
	2016	2015
Retained earnings	5,381,159	6,093,675
Net revaluation according to the equity method	0	0
	<u>5,381,159</u>	<u>6,093,675</u>

#### 6 Intangible assets

DKK'	Development costs	
	Conso- lidated	Parent company
Cost at 1 January 2016	2,056,456	2,056,456
Elimination related to fully amortised projects	-2,056,456	-2,056,456
Cost at 31 December 2016	0	0
Amortisation and impairment losses at 1 January 2016	1,442,034	1,442,034
Elimination related to fully amortised projects	-2,056,456	-2,056,456
Amortisation	614,422	614,422
Amortisation and impairment losses at 31 December 2016	0	0
Carrying amount at 31 December 2016	<u>0</u>	<u>0</u>
Amortised over	<u>2-3 years</u>	<u>2-3 years</u>

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

### Notes

#### 7 Leasehold improvement and property, plant and equipment

	Group				
DKK	Plant and machinery	Fixtures and fittings, tools and equipment	Rental assets	Leasehold improvements	Total
Cost at 1 January 2016	6,207,678	11,146,965	7,022,137	11,116,483	35,493,263
Additions	1,689,068	3,659,708	1,323,056	641,644	7,313,476
Transferred	0	540,000	-540,000	0	0
Disposals	-61,860	-1442,930	-685,199	0	-2,189,989
Cost at 31 December 2016	7,834,886	13,903,743	7,119,994	11,758,127	40,616,750
Depreciation and impairment losses at 1 January 2016	4,210,321	7,783,941	1,817,483	6,925,079	20,736,824
Transferred	0	141,602	-141,602	0	0
Depreciation	867,323	1,315,025	1,549,991	2,240,071	5,972,410
Depreciations, disposals	-41,735	-975,424	-216,160	0	-1,233,319
Depreciation and impairment losses at 31 December 2016	5,035,909	8,265,144	3,009,712	9,165,150	25,475,915
Carrying amount at 31 December 2016	2,798,977	5,638,599	4,110,282	2,592,977	15,140,835
Assets held under finance leases		1,645,775	2,910,012		4,555,787
Portion related to recognised interest	5 years	3-7 years	3-8 years	5 years	

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

### Notes

#### 7 Leasehold improvement and property, plant and equipment (continued)

DKK	Parent Company				
	Plant and machinery	Fixtures and fittings, tools and equipment	Rental assets	Leasehold improvements	Total
Cost at 1 January 2016	6,207,678	11,146,965	7,022,137	11,116,483	35,493,263
Additions	1,316,456	2,931,248	1,172,249	123,228	5,543,181
Transferred	0	540,000	-540,000	0	0
Disposals	-61,860	-1,442,930	-685,199	0	-2,189,989
Cost at 31 December 2016	7,462,274	13,175,283	6,969,187	11,239,711	38,846,455
Depreciation and impairment losses at 1 January 2016	4,210,321	7,783,941	1,817,483	6,925,079	20,736,824
Transferred	0	141,602	-141,602	0	0
Depreciation	857,870	1,276,500	1,537,821	2,229,022	5,901,213
Depreciations, disposals	-41,735	-975,424	-216,160	0	-1,233,319
Depreciation and impairment losses at 31 December 2016	5,026,456	8,226,619	2,997,542	9,154,101	25,404,718
Carrying amount at 31 December 2016	2,435,818	4,948,664	3,971,645	2,085,610	13,441,737
Assets held under finance leases		1,645,775	2,910,012		4,555,787
Portion related to recognised interest	5 years	3-7 years	3-8 years	5 years	

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

### Notes

#### 8 Equity investments in group entities

	Parent Company	
	2016	2015
DKK		
Cost at 1 January	0	587,050
Additions	372,090	-587,050
Cost at 31 December	372,090	0
Value adjustments 1 January	0	-561,697
Foreign exchange adjustment	0	-25,353
Profit/loss for the year	-2,804,489	587,050
Loss transferred to impairment of intercompany receivables	2,432,399	587,050
Value adjustments at 31 December	-372,090	587,050
Carrying amount at 31 December	0	587,050

Name	Profit/loss for the year (DKK)	Total equity (DKK)	Registered office	Voting rights and ownership interest
Time Versalift France S.A.S.	-2,432,399	2,804,489	France	100%



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

### Notes

	Group	Parent Company	
	2016	2016	2015
DKK'000			
<b>9 Deferred tax</b>			
Provisions for deferred tax relate to:			
Intangible assets	-93,788	-93,788	22,627
Property, plant and equipment	1,396,661	1,396,661	1,487,807
Current assets	457,847	510,647	644,551
Provisions	0	0	0
Liabilities other than provisions	-865,622	-865,622	-869,612
Tax loss carryforwards	-1,300,000	0	0
	<u>-404,902</u>	<u>947,898</u>	<u>1,285,373</u>
Presented as follows in the financial statements:			
Deferred tax asset	-1,300,000	0	0
Provision for deferred tax	895,098	947,898	1,285,373
	<u>-404,902</u>	<u>947,898</u>	<u>1,285,373</u>
Deferred tax 1. January	1,285,373	1,285,373	233,948
Change in deferred tax for the year	-1,690,275	-337,475	1,051,425
Deferred tax 31 December	<u>-404,902</u>	<u>947,898</u>	<u>1,285,373</u>

Management assess that deferred tax assets can be utilised within 3-5 years.

### 10 Non-current liabilities other than provisions

Long-term liabilities are due within 5 years.

Collateral is disclosed in note 11.

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

### **Notes**

#### **11 Contractual obligations, contingencies, etc.**

##### **Contingent liabilities**

The Company has entered into tenancy agreements with maximum duration of 35 months amounting to DKK 2,690 thousand.

The Company has other lease liabilities of DKK 741 thousand.

##### **Collateral**

The Company has provided collateral of DKK 767 thousand.

A company charge of DKK 5,000 thousand secured on pledged assets have been registered as collateral for balance with Jyske Bank A/S.

#### **12 Related parties**

Time Export A/S' related parties comprise the following:

Time Manufacturing Company, Texas, USA (Parent Company)

Time Versalift France S.A.S, (Group entity), established in 2016

The Company's trading and agreements with related parties serve a commercial purpose only and were carried out at arm's length.

The Board of Directors and the Executive Board are considered related parties exercising significant influence.

##### **Control**

Time Manufacturing Company, Texas, USA, is listed in the Company's register of shareholders as holding at least 5% of the share capital.

#### **13 Events after the balance sheet date**

No events have occurred after the end of the financial year with a significant impact on the financial position of the Group.