

## **TIME EXPORT A/S**

Søndervang 3

9640 Farsø

Central Business Registration

No 12315600

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 25.05.2018

### **Chairman of the General Meeting**

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**Name:** Kim Bach Jensen

## **Contents**

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2017	8
Consolidated balance sheet at 31.12.2017	9
Consolidated statement of changes in equity for 2017	11
Consolidated cash flow statement for 2017	12
Notes to consolidated financial statements	13
Parent income statement for 2017	16
Parent balance sheet at 31.12.2017	17
Parent statement of changes in equity for 2017	19
Notes to parent financial statements	20
Accounting policies	24

## Entity details

### Entity

TIME EXPORT A/S

Søndervang 3

9640 Farsø

Central Business Registration No (CVR): 12315600

Registered in: Vesthimmerlands

Financial year: 01.01.2017 - 31.12.2017

### Board of Directors

Curt Stephen Howell, Chairman

David Lyn Post

Jay Tolar Jeffrey

### Executive Board

Kim Bach Jensen

Lance Morgan Reinhard

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4. sal

9000 Aalborg

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of TIME EXPORT A/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Farsø, 25.05.2018

### Executive Board

Kim Bach Jensen

Lance Morgan Reinhard

### Board of Directors

Curt Stephen Howell  
Chairman

David Lyn Post

Jay Tolar Jeffrey

## Independent auditor's report

### To the shareholders of TIME EXPORT A/S

#### Opinion

We have audited the consolidated financial statements and the parent financial statements of TIME EXPORT A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards 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 financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

#### Other matter Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

#### Auditor's responsibilities for the audit of the

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

## Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent 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 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity'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 financial statements or, if such disclosures are inadequate, 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

## Independent auditor's report

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 25.05.2018

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Kenneth Biirsdahl  
State Authorised Public Accountant  
Identification No (MNE) mne32123

Rasmus Søgaard Barslund  
State Authorised Public Accountant  
Identification No (MNE) mne42775

## Management commentary

	<u>2017</u> DKK'000	<u>2016</u> DKK'000	<u>2015</u> DKK'000	<u>2014</u> DKK'000	<u>2013</u> DKK'000
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit	70.688	74.539	60.167	50.024	54.540
Operating profit/loss	2.753	8.055	9.793	(432)	5.025
Net financials	(1.410)	(1.374)	(1.200)	(1.262)	(1.387)
Profit/loss for the year	(2.170)	5.381	6.094	(1.663)	3.752
Total assets	149.573	120.373	100.773	95.308	103.738
Investments in property, plant and equipment	3.452	7.313	6.451	11.870	9.249
Equity	32.180	34.346	28.963	22.869	26.872

### Ratios

Equity ratio (%)	21,5	28,5	28,7	24,0	25,9
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Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## Management commentary

### Primary activities

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

### Development in activities and finances

The Group realized a sales development in 2017, and profit before tax came in at DKK 1.3 million as against a profit of DKK 6.7 million for 2016.

Management considers the profit for the year satisfactory and in accordance with last year's expectations.

In April 2016, the Parent Company established its own manufacturing, distribution and service facility in France. Profit for the year is still negatively affected by costs arising from the start-up of the new activities in France.

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

### Outlook

The business is still faced with fierce competition and intensified pressure in all markets. Despite this, Management still expects to report a profit for 2018 in the level of DKK 5-7 million before tax.

### Research and development activities

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

Development costs of DKK 3.2 million were expensed in 2017. These costs comprise materials and direct payroll.

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 the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Consolidated income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
<b>Gross profit</b>		<b>70.687.611</b>	<b>74.539.323</b>
Staff costs	1	(61.575.908)	(60.092.407)
Depreciation, amortisation and impairment losses		(6.313.593)	(6.392.084)
Other operating expenses		(45.404)	0
<b>Operating profit/loss</b>		<b>2.752.706</b>	<b>8.054.832</b>
Other financial income		144.564	3.989
Other financial expenses	2	(1.554.644)	(1.378.064)
<b>Profit/loss before tax</b>		<b>1.342.626</b>	<b>6.680.757</b>
Tax on profit/loss for the year		(3.513.082)	(1.299.598)
<b>Profit/loss for the year</b>	3	<b>(2.170.456)</b>	<b>5.381.159</b>

## Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Plant and machinery		2.716.037	2.798.976
Other fixtures and fittings, tools and equipment		7.371.563	9.748.881
Leasehold improvements		931.902	2.592.977
<b>Property, plant and equipment</b>	4	<b><u>11.019.502</u></b>	<b><u>15.140.834</u></b>
<b>Fixed assets</b>		<b><u>11.019.502</u></b>	<b><u>15.140.834</u></b>
Raw materials and consumables		49.260.314	28.399.315
Work in progress		26.673.657	18.428.929
Manufactured goods and goods for resale		13.905.112	15.353.996
<b>Inventories</b>		<b><u>89.839.083</u></b>	<b><u>62.182.240</u></b>
Trade receivables		40.871.934	34.230.705
Receivables from group enterprises		4.027.129	4.451.788
Deferred tax	5, 6	0	1.300.000
Other receivables		560.684	1.261.224
Prepayments		2.381.493	1.333.155
<b>Receivables</b>		<b><u>47.841.240</u></b>	<b><u>42.576.872</u></b>
<b>Cash</b>		<b><u>873.017</u></b>	<b><u>472.629</u></b>
<b>Current assets</b>		<b><u>138.553.340</u></b>	<b><u>105.231.741</u></b>
<b>Assets</b>		<b><u>149.572.842</u></b>	<b><u>120.372.575</u></b>

## Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		600.000	600.000
Retained earnings		31.579.720	33.746.006
<b>Equity</b>		<b>32.179.720</b>	<b>34.346.006</b>
Deferred tax	5, 6	634.000	895.098
Other provisions	7	2.639.339	2.025.000
<b>Provisions</b>		<b>3.273.339</b>	<b>2.920.098</b>
Bank loans		4.043.790	5.797.631
Finance lease liabilities		1.054.348	2.460.404
Payables to group enterprises		33.592.050	33.454.800
<b>Non-current liabilities other than provisions</b>	<b>8</b>	<b>38.690.188</b>	<b>41.712.835</b>
Current portion of long-term liabilities other than provisions	8	3.186.056	3.124.743
Bank loans		8.103.737	7.037.368
Prepayments received from customers		696.781	0
Trade payables		41.906.621	20.765.580
Payables to group enterprises		10.494.814	732.910
Income tax payable		1.899.172	1.786.954
Other payables		9.142.414	7.946.081
<b>Current liabilities other than provisions</b>		<b>75.429.595</b>	<b>41.393.636</b>
<b>Liabilities other than provisions</b>		<b>114.119.783</b>	<b>83.106.471</b>
<b>Equity and liabilities</b>		<b>149.572.842</b>	<b>120.372.575</b>
Unrecognised rental and lease commitments	10		
Assets charged and collateral	11		
Transactions with related parties	12		
Subsidiaries	13		

## Consolidated statement of changes in equity for 2017

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	600.000	33.746.006	34.346.006
Exchange rate adjustments	0	4.170	4.170
Profit/loss for the year	0	(2.170.456)	(2.170.456)
<b>Equity end of year</b>	<b>600.000</b>	<b>31.579.720</b>	<b>32.179.720</b>

## Consolidated cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Operating profit/loss		2.752.706	8.054.834
Amortisation, depreciation and impairment losses		6.313.593	6.392.084
Other provisions		614.339	425.000
Working capital changes	9	12.691.903	(19.468.511)
<b>Cash flow from ordinary operating activities</b>		<b>22.372.541</b>	<b>(4.596.593)</b>
Financial income received		144.564	3.990
Financial income paid		(1.554.644)	(1.376.797)
Income taxes refunded/(paid)		(2.131.030)	(1.441.673)
<b>Cash flows from operating activities</b>		<b>18.831.431</b>	<b>(7.411.073)</b>
Acquisition etc of property, plant and equipment		(3.451.882)	(7.313.474)
Sale of property, plant and equipment		1.260.458	1.151.455
<b>Cash flows from investing activities</b>		<b>(2.191.424)</b>	<b>(6.162.019)</b>
Loans raised		0	5.974.422
Repayments of loans etc		(1.753.841)	0
Repayment of debt to group enterprises		(14.207.404)	(126.450)
Incurrence of lease obligations		0	1.344.835
Reduction of lease commitments		(1.344.743)	0
<b>Cash flows from financing activities</b>		<b>(17.305.988)</b>	<b>7.192.807</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(665.981)</b>	<b>(6.380.285)</b>
Cash and cash equivalents beginning of year		(6.564.739)	(184.454)
<b>Cash and cash equivalents end of year</b>		<b>(7.230.720)</b>	<b>(6.564.739)</b>
Cash and cash equivalents at year-end are composed of:			
Cash		873.017	472.629
Short-term debt to banks		(8.103.737)	(7.037.368)
<b>Cash and cash equivalents end of year</b>		<b>(7.230.720)</b>	<b>(6.564.739)</b>

## Notes to consolidated financial statements

	<b>2017 DKK</b>	<b>2016 DKK</b>		
<b>1. Staff costs</b>				
Wages and salaries	55.758.695	55.305.850		
Pension costs	4.852.083	3.928.406		
Other social security costs	965.130	858.151		
	<b>61.575.908</b>	<b>60.092.407</b>		
Average number of employees	<b>135</b>	<b>112</b>		
	<b>Remunera- tion of manage- ment 2017 DKK</b>	<b>Pension liabilities 2017 DKK</b>	<b>Remunera- tion of manage- ment 2016 DKK</b>	<b>Pension liabilities 2016 DKK</b>
Executive Board	3.727.693	140.240	3.058.340	129.557
	<b>3.727.693</b>	<b>140.240</b>	<b>3.058.340</b>	<b>129.557</b>
			<b>2017 DKK</b>	<b>2016 DKK</b>
<b>2. Other financial expenses</b>				
Financial expenses from group enterprises			539.215	576.336
Other interest expenses			1.015.429	801.728
			<b>1.554.644</b>	<b>1.378.064</b>
			<b>2017 DKK</b>	<b>2016 DKK</b>
<b>3. Proposed distribution of profit/loss</b>				
Retained earnings			(2.170.456)	5.381.159
			<b>(2.170.456)</b>	<b>5.381.159</b>

## Notes to consolidated financial statements

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
<b>4. Property, plant and equipment</b>			
Cost beginning of year	7.834.886	21.023.737	11.758.127
Exchange rate adjustments	529	1.238	731
Additions	941.319	2.031.020	479.543
Disposals	0	(2.191.477)	(33.157)
<b>Cost end of year</b>	<b>8.776.734</b>	<b>20.864.518</b>	<b>12.205.244</b>
Depreciation and impairment losses beginning of year	(5.035.909)	(11.274.856)	(9.165.150)
Exchange rate adjustments	(17)	(67)	(15)
Depreciation for the year	(1.024.771)	(3.199.939)	(2.109.659)
Reversal regarding disposals	0	981.907	1.482
<b>Depreciation and impairment losses end of year</b>	<b>(6.060.697)</b>	<b>(13.492.955)</b>	<b>(11.273.342)</b>
<b>Carrying amount end of year</b>	<b>2.716.037</b>	<b>7.371.563</b>	<b>931.902</b>
Recognised assets not owned by entity	-	<b>1.821.544</b>	-

### 5. Deferred tax

Deferred tax consists of fixed assets, receivables and provisions.

	<b>2017 DKK</b>
<b>6. Deferred tax</b>	
<b>Changes during the year</b>	
Beginning of year	(404.902)
Recognised in the income statement	1.038.902
<b>End of year</b>	<b>634.000</b>

### 7. Other provisions

Other provisions consists of warranties.



## Notes to consolidated financial statements

	Due within 12 months 2017 DKK	Due within 12 months 2016 DKK	Due after more than 12 months 2017 DKK
<b>8. Liabilities other than provisions</b>			
Bank loans	1.780.000	1.780.000	4.043.790
Finance lease liabilities	1.406.056	1.344.743	1.054.348
Payables to group enterprises	0	0	33.592.050
	<b>3.186.056</b>	<b>3.124.743</b>	<b>38.690.188</b>

	2017 DKK	2016 DKK
<b>9. Change in working capital</b>		
Increase/decrease in inventories	(27.656.843)	(7.507.026)
Increase/decrease in receivables	(6.564.368)	(10.560.437)
Increase/decrease in trade payables etc	46.913.114	(1.401.048)
	<b>12.691.903</b>	<b>(19.468.511)</b>

### 10. Unrecognised rental and lease commitments

The Group has entered into tenancy agreements with a maximum duration of 12 months amounting to DKK 2.554k.

The Group has other lease liabilities of DKK 1.099k.

### 11. Assets charged and collateral

The Group has provided collateral of DKK 767k.

A company charge of DKK 5.000k secured on pledged assets have been registered as collateral for bank debt.

### 12. Transactions with related parties

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

	Registered in	Corpo- rate form	Equity inte- rest %
<b>13. Subsidiaries</b>			
Time Versalift France S.A.S	Morlaàs, France	S.A.S.	100,0

## Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
<b>Gross profit</b>		<b>71.017.151</b>	<b>69.246.303</b>
Staff costs	1	(54.005.003)	(50.766.167)
Depreciation, amortisation and impairment losses		(5.926.820)	(6.320.849)
<b>Operating profit/loss</b>		<b>11.085.328</b>	<b>12.159.287</b>
Income from investments in group enterprises		(10.024.060)	(2.804.489)
Other financial income	2	454.926	44.441
Other financial expenses	3	(1.509.240)	(1.365.681)
<b>Profit/loss before tax</b>		<b>6.954</b>	<b>8.033.558</b>
Tax on profit/loss for the year		(2.177.410)	(2.652.399)
<b>Profit/loss for the year</b>	4	<b>(2.170.456)</b>	<b>5.381.159</b>

## Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Plant and machinery		2.048.805	2.435.817
Other fixtures and fittings, tools and equipment		6.753.314	8.920.309
Leasehold improvements		284.322	2.085.609
<b>Property, plant and equipment</b>	5	<b>9.086.441</b>	<b>13.441.735</b>
Investments in group enterprises		352.939	0
Receivables from group enterprises		1.861.225	6.690.960
<b>Fixed asset investments</b>	6	<b>2.214.164</b>	<b>6.690.960</b>
<b>Fixed assets</b>		<b>11.300.605</b>	<b>20.132.695</b>
Raw materials and consumables		29.253.614	26.321.983
Work in progress		25.455.247	17.312.930
Manufactured goods and goods for resale		13.905.112	12.484.996
<b>Inventories</b>		<b>68.613.973</b>	<b>56.119.909</b>
Trade receivables		34.309.954	34.185.509
Receivables from group enterprises		18.371.783	6.401.722
Other receivables		312.764	111.181
Prepayments	7	1.365.941	850.127
<b>Receivables</b>		<b>54.360.442</b>	<b>41.548.539</b>
<b>Cash</b>		<b>549.935</b>	<b>27.579</b>
<b>Current assets</b>		<b>123.524.350</b>	<b>97.696.027</b>
<b>Assets</b>		<b>134.824.955</b>	<b>117.828.722</b>

## Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		600.000	600.000
Retained earnings		31.579.720	33.746.006
<b>Equity</b>		<b>32.179.720</b>	<b>34.346.006</b>
Deferred tax	8	634.000	947.898
Other provisions	9	2.550.000	2.025.000
<b>Provisions</b>		<b>3.184.000</b>	<b>2.972.898</b>
Bank loans		4.019.185	5.797.631
Finance lease liabilities		1.054.348	2.460.404
Payables to group enterprises		33.592.050	33.454.800
<b>Non-current liabilities other than provisions</b>	10	<b>38.665.583</b>	<b>41.712.835</b>
Current portion of long-term liabilities other than provisions	10	3.186.056	3.124.743
Bank loans		8.103.737	7.015.965
Prepayments received from customers		502.436	0
Trade payables		37.440.124	19.672.052
Payables to group enterprises		536.910	0
Income tax payable		2.079.904	1.786.954
Other payables		8.946.485	7.197.269
<b>Current liabilities other than provisions</b>		<b>60.795.652</b>	<b>38.796.983</b>
<b>Liabilities other than provisions</b>		<b>99.461.235</b>	<b>80.509.818</b>
<b>Equity and liabilities</b>		<b>134.824.955</b>	<b>117.828.722</b>
Unrecognised rental and lease commitments	11		
Assets charged and collateral	12		
Related parties with controlling interest	13		
Transactions with related parties	14		

## Parent statement of changes in equity for 2017

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	600.000	33.746.006	34.346.006
Exchange rate adjustments	0	4.170	4.170
Profit/loss for the year	0	(2.170.456)	(2.170.456)
<b>Equity end of year</b>	<b>600.000</b>	<b>31.579.720</b>	<b>32.179.720</b>

## Notes to parent financial statements

	<b>2017 DKK</b>	<b>2016 DKK</b>		
<b>1. Staff costs</b>				
Wages and salaries	49.542.791	46.517.205		
Pension costs	3.632.387	3.390.810		
Other social security costs	829.825	858.152		
	<b>54.005.003</b>	<b>50.766.167</b>		
Average number of employees	<b>115</b>	<b>111</b>		
	<b>Remunera- tion of manage- ment 2017 DKK</b>	<b>Pension liabilities 2017 DKK</b>	<b>Remunera- tion of manage- ment 2016 DKK</b>	<b>Pension liabilities 2016 DKK</b>
Executive Board	3.727.693	140.240	3.058.340	129.557
	<b>3.727.693</b>	<b>140.240</b>	<b>3.058.340</b>	<b>129.557</b>
			<b>2017 DKK</b>	<b>2016 DKK</b>
<b>2. Other financial income</b>				
Financial income arising from group enterprises			310.362	40.452
Other interest income			144.564	3.989
			<b>454.926</b>	<b>44.441</b>
			<b>2017 DKK</b>	<b>2016 DKK</b>
<b>3. Other financial expenses</b>				
Financial expenses from group enterprises			539.215	576.336
Other interest expenses			970.025	789.345
			<b>1.509.240</b>	<b>1.365.681</b>
			<b>2017 DKK</b>	<b>2016 DKK</b>
<b>4. Proposed distribution of profit/loss</b>				
Retained earnings			(2.170.456)	5.381.159
			<b>(2.170.456)</b>	<b>5.381.159</b>

## Notes to parent financial statements

	<b>Plant and machinery DKK</b>	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
<b>5. Property, plant and equipment</b>			
Cost beginning of year	7.462.272	20.144.469	11.239.711
Additions	504.674	1.885.809	238.293
Disposals	0	(1.986.109)	0
<b>Cost end of year</b>	<b>7.966.946</b>	<b>20.044.169</b>	<b>11.478.004</b>
Depreciation and impairment losses beginning of year	(5.026.455)	(11.224.160)	(9.154.102)
Depreciation for the year	(891.686)	(3.024.186)	(2.039.580)
Reversal regarding disposals	0	957.491	0
<b>Depreciation and impairment losses end of year</b>	<b>(5.918.141)</b>	<b>(13.290.855)</b>	<b>(11.193.682)</b>
<b>Carrying amount end of year</b>	<b>2.048.805</b>	<b>6.753.314</b>	<b>284.322</b>
Recognised assets not owned by entity	-	<b>1.821.544</b>	-
<b>6. Fixed asset investments</b>			
Cost beginning of year		372.090	6.690.960
Additions		0	7.975.493
Disposals		0	(12.805.228)
<b>Cost end of year</b>		<b>372.090</b>	<b>1.861.225</b>
Revaluations beginning of year		(372.090)	0
Exchange rate adjustments		(4.170)	0
Adjustments on equity		12.805.228	0
Share of profit/loss for the year		(8.721.919)	0
Adjustment of intra-group profits		6.199	0
Investments with negative equity value depreciated over receivables		(2.432.399)	0
Other adjustments		(1.300.000)	0
<b>Revaluations end of year</b>		<b>(19.151)</b>	<b>0</b>
<b>Carrying amount end of year</b>		<b>352.939</b>	<b>1.861.225</b>

## Notes to parent financial statements

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

### 7. Prepayments

Prepayments consists of deposits and other prepayments.

	<b>2017</b>
	<b>DKK</b>
<b>8. Deferred tax</b>	
<b>Changes during the year</b>	
Beginning of year	947.898
Recognised in the income statement	(313.898)
<b>End of year</b>	<b>634.000</b>

Deferred tax consists of fixed assets, receivables and provisions.

### 9. Other provisions

Other provisions consists of warranties.

	<b>Due within 12</b>	<b>Due within 12</b>	<b>Due after more</b>
	<b>months</b>	<b>months</b>	<b>than 12</b>
	<b>2017</b>	<b>2016</b>	<b>months</b>
	<b>DKK</b>	<b>DKK</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>	<b>DKK</b>
<b>10. Liabilities other than provisions</b>			
Bank loans	1.780.000	1.650.500	4.019.185
Finance lease liabilities	1.406.056	1.474.243	1.054.348
Payables to group enterprises	0	0	33.592.050
	<b>3.186.056</b>	<b>3.124.743</b>	<b>38.665.583</b>

### 11. Unrecognised rental and lease commitments

The Company has entered into tenancy agreements with a maximum duration of 6 months amounting to DKK 1.592k.

### 12. Assets charged and collateral

The Company has provided collateral of DKK 767k.

A company charge of DKK 5.000k secured on pledged assets have been registered as collateral for bank debt.

### 13. Related parties with controlling interest

Time Manufacturing Company, Texas, USA, is listed in the Company's register of shareholders as holding enough of the share capital to have controlling interest.



## Notes to parent financial statements

Sterling Group Partners IV, L.P., Houston, USA, is listed in the Company's register of shareholders as holding enough of the share capital to have controlling interest.

### **14. Transactions with related parties**

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

## Accounting policies

### Reporting class

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

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

### Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

### Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

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

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

#### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Fair value adjustments of investment property

Fair value adjustment of investment properties for the financial year of the Entity's investment properties measured at fair value at the balance sheet date.

#### Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

## Accounting policies

### Other operating income

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

### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Other operating expenses

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

### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

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

## Accounting policies

### Tax on profit/loss for the year

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

### Balance sheet

#### Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

#### Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

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

## Accounting policies

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

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

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

### Other provisions

Other provisions comprise anticipated costs of warranties.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

## Accounting policies

### Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

### Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

### Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, and purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.