
BEUMER Group A/S

P. O. Pedersens Vej 10, DK-8200 Aarhus N

Annual Report for 1 January - 31 December 2016

CVR No 12 65 56 81

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
23/5 2017

Mads Bach Christensen
Chairman



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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of BEUMER Group A/S for the financial year 1 January - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting. The Annual General Meeting will be held after BEUMER GmbH & CO. KG's Annual General Meeting, which is scheduled to be held in May 2017.

Aarhus, 24 April 2017

Executive Board

Klaus Schäfer
CEO

Peter Sendal From

Stephan Jan Pieter Heessels

Mads Bach Christensen

Finn Henry Laugesen

Henrik Kaj Mortensen

Supervisory Board

Dr. Christoph Beumer
Chairman

Norbert Hufnagel

Ranjit Singh Bhabra

Per Christensen

Sarah Skøtt

Independent Auditor's Report

To the Shareholder of BEUMER Group A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of BEUMER Group A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 Financial Statements" section of our report. We are independent of the Company 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the 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 Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Aarhus, 24 April 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Claus Lindholm Jacobsen
State Authorised Public Accountant

Thyge Belter
State Authorised Public Accountant

Company Information

The Company

BEUMER Group A/S
P. O. Pedersens Vej 10
DK-8200 Aarhus N

CVR No: 12 65 56 81
Financial period: 1 January - 31 December
Municipality of reg. office: Aarhus, Denmark

Supervisory Board

Dr. Christoph Beumer, Chairman
Norbert Hufnagel
Ranjit Singh Bhabra
Per Christensen
Sarah Skøtt

Executive Board

Klaus Schäfer
Peter Sendal From
Stephan Jan Pieter Heessels
Mads Bach Christensen
Finn Henry Laugesen
Henrik Kaj Mortensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2016 kDKK	2015 kDKK	2014 kDKK	2013 kDKK	2012 kDKK
Key figures					
Profit/loss					
Revenue	1.574.070	1.461.728	1.469.232	1.298.330	1.081.650
Gross profit/loss	234.576	207.971	212.963	205.746	175.445
Operating profit/loss	42.608	20.473	35.057	17.670	24.519
Net financials	55.740	32.584	22.809	22.884	35.940
Net profit/loss for the year	85.758	48.695	49.461	33.229	34.390
Balance sheet					
Balance sheet total	1.092.716	1.053.840	1.053.075	1.010.506	957.323
Equity	364.758	321.386	275.063	311.991	273.863
Investment in property, plant and equipment	5.579	10.111	7.924	35.160	50.278
Number of employees	693	658	632	548	510
Ratios					
Profit margin	2,7%	1,4%	2,4%	1,4%	2,3%
Return on assets	3,9%	1,9%	3,3%	1,7%	2,6%
Solvency ratio	33,4%	30,5%	26,1%	30,9%	28,6%
Return on equity	25,0%	16,3%	16,9%	11,3%	14,0%

Management's Review

Main activity

As in earlier years, the Company's primary activities have consisted of development, production, project sale, project implementation and subsequent service of system solutions for automated material handling systems.

Development in the year

The Company's income statement for 1 January to 31 December 2016 shows a profit of DKK 85.8 million, and the Company's equity at 31 December 2016 amounts to DKK 364.8 million.

The Company's financial performance and financial development was overall as expected. The operating profit amounted to DKK 42.6 million, and the Company's financial performance including profits/losses from investments in group enterprises and associates was satisfactory, showing a profit of DKK 85.8 million.

Special risks - operating risks and financial risks

Operating risks

Many of the Company's projects are very large and carried out almost all over the world. When at the same time new technology is implemented, this may be subject to risks. The risks, however, are not considered unusual within the business in which the Company operates.

Targets and expectations for the year ahead

For the financial year 2017, the Company expects revenue in the range of DKK 1.5 – 1.7 billion, as well as a positive profit including investments in group enterprises and associates.

Research and development

In the financial year, the Company has incurred development costs in the range of DKK 49.6 million. Of this amount DKK 39.6 million is included in the item "Development expenditure", which is not found to meet the criteria of capitalising development costs. Moreover, development costs have been capitalised amounting to DKK 10.0 million.

Foreign branches

The Company has foreign branches, of which the two most important are in Singapore and Qatar. As the Company is working on projects locally around the world, Management is aware of the rules governing permanent establishments. The Company supervises the projects, and if the Company qualifies for applying the rules, Management will see to it that the Company is registered with a permanent establishment.

Management's Review

Intellectual capital resources

The Company is project-oriented, which places great demands on the intellectual capital resources of our employees and our business procedures. In order to continuously maintain and train the intellectual capital resources of our employees within our core competences, we successively provide resources to carry out our own project training courses which a large number of our employees have completed. It is also the target to have a significant part of the project managers certified according the PMI standard.

Our business procedures are primarily based on a phased project control model. This model is continuously adjusted to the requirements of the Company and the customers.

Every second year, an employee satisfaction survey is being conducted. The results of the survey found the basis for improvement programs – both on department level and company level.

Statement of corporate social responsibility

BEUMER Group A/S works in different areas with corporate social, environmental and ethical responsibilities. BEUMER Group A/S has structured its work with CSR according to the 10 Principles of the United Nations Global Compact.

Corporate social responsibility policies

Ethics in the business

Integrity and Ethics are core values for BEUMER Group A/S, which are also defined in our Strategic Overview and Corporate Identity.

Since 2012 BEUMER Group has been awarded holder of "Ethics in business". The idea behind "Ethics in Business" is to award medium-sized companies that decidedly and actively assume their corporate social responsibility. The initiative is supported academically by Director of the Institute for Business Ethics at the University of St. Gallen. A team of experts evaluates extraordinary achievements in the field of corporate responsibility. Medium-sized companies, which attach particular importance to ethical business practices are granted the award and can carry the title for three years.

Health & safety, labour standards and human rights

BEUMER Group A/S's Health and Safety Management system is certified according to OHSAS 18001.

BEUMER Group A/S recognizes the right to form and to join trade unions for the protection of his/hers interests.

BEUMER Group A/S supports the United Nations Universal Declaration of Human Rights which upholds the effective abolition of child labour. The Company's policy also includes the elimination of discrimination with respect to employment and occupation. This also includes working hours, salary and benefits.

Management's Review

Environment and climate

BEUMER Group A/S's Environmental Management System is certified according to ISO 14001.

Besides the comprehensive existing system for managing and auditing environmental impacts, BEUMER Group A/S is constantly improving our own production methods, delivery of goods to sites and operation of sortation systems at our customers, with focus on environmental impacts and resource reduction. BEUMER Group A/S's policy is to be active in the development of sustainable technologies. Sustainability is one of the key factors for customers to select BEUMER Group as preferred supplier.

BEUMER Group A/S experiences increasing customer requirements and interest in health, safety and environment.

Responsible supply chain management

BEUMER Group A/S's Quality Management System is certified according to ISO 9001. The Purchasing Conditions are available at the website www.BEUMERgroup.com.

BEUMER Group A/S suppliers must be approved and are asked to sign "Purchasing Conditions" which include a commitment to comply with the 10 Principles of UN Global Compact, with an accident-free working culture supported by meeting or exceeding applicable health safety and environment legislation.

BEUMER Group A/S is increasing its business activities in emerging markets and conducting audit activities of the suppliers. If business conditions in a country are of special concern, the suppliers are audited with focus on the 10 Principles of the UN Global Compact.

Translate policies into action

Ethics in business

Agreements with both customers and suppliers include the 10 principles of the UN Global Compact. To ensure the right level of competences key persons are trained, especially in the customers and suppliers facing divisions e.g. procurement, quality, sales and regional offices, with focus on sales activities including ethics (anti-corruption and anti-bribery).

Health & safety, labour standards and human rights

BEUMER Group A/S reviews all applicable laws and regulations, at least twice a year (monitoring program), to secure that BEUMER Group A/S, at all times, lives up to relevant laws and regulations. The Head of QHSE reports to the CEO and his Divisional Directors on any trends and relevant laws and regulations that will have influence on BEUMER Group A/S's health and safety performance.

BEUMER Group A/S has a Working Environment Organisation covering all organizational units divided in groups with participants of appointed managers and 11 elected working environment representatives. Elections were held in December 2016.

The CEO is the owner of the Working Environment Organisation (WEO) and the Head of QHSE as

Management's Review

chairman of this organisation conducts work place assessments. Merge of Engagement Survey (EES) and the Workplace Assessments (WPA) was conducted as an electronic survey for all employees in September 2016. The WPA covers both psychological and psychological work environment, which was a part of EES questions related to essential aspects defined by the National Research Centre for the Working Environment. The response rate was 91% which is the highest rate for a WPA at BEUMER Group A/S ever. The statutory maximum interval for WPAs is 3 years. By conducting the ESS/WPA at the same time feedback from the employees will be collected every 2 years.

The WPA includes offensive and discriminating behavior also part of the 10 Principles. Improvements are implemented based on action plans in agreement with the Divisional Directors and WEO. Based on risk assessments, recurrent safety rounds are conducted in the production area and on installation sites with focus on health and safety, e.g. working methods/ergonomics, internal transport, chemicals, emergency preparedness, waste handling and safety of machinery.

Special Health Safety and Environment training programs are arranged for engineers, supervisors, suppliers and customers on sites. The target is to protect all from accidents and ensure the awareness of detecting near-misses to avoid accidents to occur.

BEUMER performs internal audits that include follow up on health, safety and labour standards.

Certification body Bureau Veritas performs health and safety audits at BEUMER Group A/S twice a year. With reference to Labour as one of the 10 Principles, different trade unions are involved in salary negotiations, working hours and conditions for employees. Agreements are documented and signed by Divisional Directors and trade union representatives.

Environment and climate

All applicable laws and regulations are reviewed at least twice a year (QHSE monitoring program), to secure that BEUMER Group A/S, at all times, comply with relevant laws and regulations. The Head of QHSE reports to the Divisional Directors and the Working Environment Organisation about any trends and relevant laws and regulations that will have influence on BEUMER Group A/S's environmental performance (also H&S). Procedures are updated accordingly.

Sortation systems are equipped with an energy-efficient linear synchronous motor technology that reduces the overall PLCC (product life cycle cost) substantially without sacrificing speed, capacity, and reliability.

New products and technologies carrying BEUMER Group A/S Group's "made different" seal are characterized by their sustainability based on their economic, environmental and social performance as measured by the BEUMER Group A/S Sustainability Index (BSI). Each of the three areas is evaluated in five categories, e.g. energy consumption during production and operation, consumption of raw materials, packaging, waste, emissions, customers health and safety benefits.

External energy consultants from VERDO conducted the statutory Energy Audit (ref. EU Directive) in

Management's Review

June 2016 and the result was submitted to the Danish Energy Agency (DK: Energistyrelsen). VERDO mapped the energy consumption and reported 8 specific proposals for energy savings at BEUMER Group A/S. One of the proposals (new and smaller hot water tank with heat exchanger) was implemented in November 2016.

BEUMER Group A/S performs internal audits that include follow up on environment standards. Certification body Bureau Veritas performs environmental audits at BEUMER Group A/S twice a year.

Responsible supply chain management

BEUMER Group A/S primarily cooperates with suppliers in Europe and with BEUMER Group's own production sites in Germany and China all in compliance with ISO 9001, OHSAS 18001 and ISO 14001.

Significant suppliers are subject to audit on quality, health, safety and environmental performance.

Assessment of results achieved

Ethics in business

Integrity and Ethics is one of the core values in BEUMER Group A/S. We value different cultures in our global group as a learning experience and try to build a working environment where everybody respects one's uniqueness.

A project focusing on cultural perspectives in BEUMER Group have been the basis for continuously ensuring knowledge about and respect for each other in a Global Group with different cultural backgrounds. The BEUMER Group intranet is distributing information about cultural perspectives and e.g. festive seasons. The HR department is providing training in cultural aspects to enhance both relations internally but also toward our customers worldwide.

In continuation of the internal training of the 10 Principles to key functions like sales etc. the training program of new employees on QHSE topics will include ethics in business in BEUMER Group in 2017.

Health & safety, labour standards and human rights

Due to OHSAS 18001 certification and positive working environment results, BEUMER Group A/S has since 2009 been awarded the highest attainable standard of excellence for health and safety in Denmark (a smiley with a crown) by the Danish Working Environment Authority. The smiley with a crown is still effective.

In 2016 projects to prevent working accidents, reduce noise and improve the indoor environment and ergonomics have been completed, and health and safety trainings of employees have been conducted.

In 2016 all employees were offered a health check and in 2017 emergency preparedness will be updated and improved, including evacuation exercise.

The above-mentioned actions have resulted in no deviations regarding Labour Standards during 2016.

Management's Review

BEUMER Group A/S has a well implemented procedure for handling accidents and near-misses. In 2016 there were 4 working accidents with absence (19 lost work days), which were the lowest level compared with the last 8 years. Severity of the accidents is divided into the 4 categories: Minor, Reversible, Irreversible and Catastrophic. The accidents have been minor or reversible.

On the intranet all employees have access to information concerning Health, Safety and Environment on the "HSE Portal". A new HSE Portal was released in 2016.

Environment and climate

BEUMER Group A/S Health, Safety & Environment Report 2016 (internal report) shows that we have continued focus on reducing environmental impacts, and results clearly show a reduction of, for example, CO₂ emissions. We have no outstanding issues with the authorities or other stakeholders. New LS-4000 products have set new standards for energy and CO₂ efficiency. The LS-4000E, LS-4000CB and LS-4000econ sorters are equipped with energy-efficient linear synchronous motors.

The new CrisBag® generation is equipped with energy-efficient drive motors and new totes made of 100% recyclable plastic materials. The reduced weight of the new totes results in lower energy consumption during operation.

The new baggage storage system CrisStore® is equipped with an energy-saving operation programme.

In 2015, 3 charging stations were established for environmentally friendly electric vehicles at the parking area.

Note: In Denmark 51% of electricity is produced by regeneratived energy (wind, water, sun). R&D has focus on implementing environmentally friendly technologies into our product range.

In 2015 the Shipping KPI "Container Utilization" was defined with a target of 60%. Container utilization has also a directly positive effect on the CO₂ footprint caused on delivery of goods to sites. In 2016 a new environmental KPI and target regarding CO₂ footprint caused by the delivery of goods to sites was defined.

Instead of scrapping 200 decommissioned Notebooks as electronic waste in 2016, BEUMER Group A/S sold them to the certified company Refurb, who trades with recycled IT hardware.

The Environmental Management System secures that all these actions are controlled and documented.

Responsible supply chain management

In 2016 all new suppliers agreed on the BEUMER Group A/S's purchase conditions. Beumer Group A/S continuously follow-up on its main suppliers also by conducting audits at supplier site. In 2016 13 non-conformities were raised and 9 improvements suggested with focus on quality, health, safety and environment.

Management's Review

Diversity in management

At BEUMER Group A/S, board and management appointments are made on merit, with the best qualified person getting the job. We believe this will strengthen the dynamics and development of a company and emphasize the position of a modern and visionary company.

BEUMER Group A/S strives to recruit candidates with the highest leadership qualifications and embraces diversity. The current distribution of gender is not in line with what can be expected from a company of our size. Subsequently, BEUMER Group A/S will focus on strengthening the efforts to balance the gender equality and the goal is to increase gender equality on the board and in management.

BEUMER Group A/S will always as a minimum aim at having one woman among candidates for middle and senior management positions, and BEUMER Group A/S will increasingly strengthen the efforts to spot, recruit and develop female candidates with necessary professional and personal qualifications and values to develop into excellent managers.

The following targets have been determined

- In 2017 a minimum of 20% of middle and senior management positions will be held by women
- In 2022 a minimum of 25% of middle and senior management positions will be held by women
- In 2017 and onwards a minimum of 25% of the board members will be women.

Women on the board and in management

Middle and senior management

- Base 2016: 17%
- Target 2017: 20%
- Target 2022: 25%

Board

- Base 2016: 0%
- Target 2017: 25%
- Target 2022: 25%

There have been no women on the board in 2016. On the middle and senior management level the policy has resulted in minor achievements in 2016.

Uncertainty relating to recognition and measurement

The Company is involved in a number of large projects, whose final outcome may influence the Company's results. The uncertainty is assessed according to the circumstances known until now and is expected to be reflected in the profit/loss for the year.

Management's Review

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2016 kDKK	2015 kDKK
Revenue		1.574.070	1.461.728
Production costs	1	-1.339.494	-1.253.757
Gross profit/loss		234.576	207.971
Distribution expenses	1	-81.393	-79.315
Development expenditure	1	-39.620	-39.625
Administrative expenses	1	-70.955	-68.558
Operating profit/loss		42.608	20.473
Profit/loss before financial income and expenses		42.608	20.473
Income from investments in subsidiaries		58.880	38.584
Financial income	2	4.032	6.323
Financial expenses	3	-7.172	-12.323
Profit/loss before tax		98.348	53.057
Tax on profit/loss for the year	4	-12.590	-4.362
Net profit/loss for the year		85.758	48.695

Balance Sheet 31 December

Assets

	Note	2016 kDKK	2015 kDKK
Completed development projects		19.748	33.699
Development projects in progress		30.060	20.025
Intangible assets	5	49.808	53.724
Land and buildings		12.314	12.839
Plant and machinery		13.205	19.544
Other fixtures and fittings, tools and equipment		8.245	10.376
Leasehold improvements		4.917	16.865
Property, plant and equipment in progress		2.719	1.725
Property, plant and equipment	6	41.400	61.349
Investments in subsidiaries	7	188.063	158.799
Receivables from group enterprises	8	50.453	44.872
Other receivables	8	199	192
Fixed asset investments		238.715	203.863
Fixed assets		329.923	318.936
Inventories	9	57.104	70.744
Trade receivables		136.326	73.645
Contract work in progress	10	199.318	289.454
Receivables from group enterprises		180.252	109.628
Other receivables		7.188	28.054
Deferred tax asset	11	5.550	12.708
Corporation tax		1.378	116
Prepayments	12	3.400	51.026
Receivables		533.412	564.631
Cash at bank and in hand		172.277	99.529
Currents assets		762.793	734.904
Assets		1.092.716	1.053.840

Balance Sheet 31 December

Liabilities and equity

	Note	2016 kDKK	2015 kDKK
Share capital		50.700	50.700
Reserve for net revaluation under the equity method		144.856	120.189
Reserve for development costs		7.827	0
Retained earnings		124.375	120.497
Proposed dividend for the year		37.000	30.000
Equity	13	364.758	321.386
Other provisions	15	19.414	15.942
Provisions		19.414	15.942
Other payables		10.498	14.371
Long-term debt	16	10.498	14.371
Trade payables		202.344	185.639
Contract work in progress, liabilities	10	213.534	313.587
Payables to group enterprises		139.276	109.252
Corporation tax		4.509	646
Other payables	1617	138.383	93.017
Short-term debt		698.046	702.141
Debt		708.544	716.512
Liabilities and equity		1.092.716	1.053.840
Distribution of profit	14		
Contingent assets, liabilities and other financial obligations	18		
Related parties	19		
Fee to auditors appointed at the general meeting	20		

Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	kDKK	kDKK	kDKK	kDKK	kDKK	kDKK
Equity at 1 January	50.700	120.189	0	120.497	30.000	321.386
Ordinary dividend paid	0	0	0	0	-30.000	-30.000
Exchange adjustments relating to foreign entities	0	-1.435	0	0	0	-1.435
Fair value adjustment of hedging instruments, end of year	0	6.032	0	-18.344	0	-12.312
Tax on adjustment of hedging instruments for the year	0	0	0	4.036	0	4.036
Other equity movements	0	-2.675	0	0	0	-2.675
Development costs for the year	0	0	7.827	-7.827	0	0
Net profit/loss for the year	0	22.745	0	26.013	37.000	85.758
Equity at 31 December	50.700	144.856	7.827	124.375	37.000	364.758

Notes to the Financial Statements

	2016 kDKK	2015 kDKK
1 Staff		
Wages and Salaries	394.649	356.493
Pensions	27.247	25.287
Other social security expenses	8.341	8.520
	430.237	390.300
Including remuneration to the Executive and Supervisory Boards of:		
Executive Board	15.741	15.555
Supervisory Board	213	342
	15.954	15.897
Average number of employees	693	658
2 Financial income		
Interest received from group enterprises	1.973	3.128
Other financial income	7	28
Exchange adjustments	2.052	3.167
	4.032	6.323
3 Financial expenses		
Interest paid to group enterprises	2.043	1.753
Other financial expenses	2.238	2.642
Exchange adjustments, expenses	2.891	7.928
	7.172	12.323

Notes to the Financial Statements

	2016 kDKK	2015 kDKK
4 Tax on profit/loss for the year		
Current tax for the year	5.291	1.203
Deferred tax for the year	3.873	7.560
Adjustment of tax concerning previous years	-219	-657
Adjustment of deferred tax concerning previous years	-391	-121
	8.554	7.985
which breaks down as follows:		
Tax on profit/loss for the year	12.590	4.362
Tax on changes in equity	-4.036	3.623
	8.554	7.985

5 Intangible assets

	Completed development projects kDKK	Development projects in progress kDKK
Cost at 1 January	110.203	20.025
Additions for the year	0	10.035
Cost at 31 December	110.203	30.060
Impairment losses and amortisation at 1 January	76.504	0
Amortisation for the year	13.951	0
Impairment losses and amortisation at 31 December	90.455	0
Carrying amount at 31 December	19.748	30.060

Development projects relate to the development of new and improved versions of the Company's existing products for sorting of luggage and parcels as well as new products for existing markets. The development projects in progress are expected to be completed in 2017. The projects are progressing according to plan. Prior to the initiation of the projects, the Company prepared a market survey, which confirmed that there is a demand for the new developed products.

Notes to the Financial Statements

6 Property, plant and equipment

	Land and buildings kDKK	Plant and machinery kDKK	Other fixtures and fittings, tools and equipment kDKK	Leasehold improvements kDKK	Property, plant and equipment in progress kDKK
Cost at 1 January	15.114	126.226	73.665	19.785	1.725
Exchange adjustment	0	0	28	0	0
Additions for the year	0	0	95	0	5.484
Disposals for the year	0	0	-845	-13.099	-1.681
Transfers for the year	0	250	2.086	473	-2.809
Cost at 31 December	15.114	126.476	75.029	7.159	2.719
Impairment losses and depreciation at 1 January	2.275	106.682	63.289	2.920	0
Exchange adjustment	0	0	12	0	0
Depreciation for the year	525	6.589	4.328	1.073	0
Reversal of impairment and depreciation of sold assets	0	0	-845	-1.751	0
Impairment losses and depreciation at 31 December	2.800	113.271	66.784	2.242	0
Carrying amount at 31 December	12.314	13.205	8.245	4.917	2.719

Notes to the Financial Statements

	2016 kDKK	2015 kDKK
7 Investments in subsidiaries		
Cost at 1 January	16.023	16.023
Additions for the year	10.012	0
Cost at 31 December	26.035	16.023
Value adjustments at 1 January	120.189	115.692
Exchange adjustment	-1.435	-165
Net profit/loss for the year	58.880	38.584
Dividend to the Parent Company	-36.135	-35.557
Fair value adjustment of hedging instruments for the year	6.032	1.635
Other equity movements, net	-2.675	0
Value adjustments at 31 December	144.856	120.189
Equity investments with negative net asset value amortised over receivables	17.172	22.587
Carrying amount at 31 December	188.063	158.799

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
BEUMER Group France Eurl	France	100%	27.757	5.528
BEUMER Group Frankfurt GmbH	Germany	100%	36.604	16.523
BEUMER Group Technology Iberia,S.L.	Spain	100%	36.378	12.670
BEUMER Group Hong Kong Company Ltd.	Hong Kong	100%	-10.249	4.117
BEUMER Group Singapore Pte. Ltd.	Singapore	100%	43.875	8.161
BEUMER Group Philippines, Inc.	Philippines	100%	-6.922	1.452
BEUMER Group South Africa (Pty) Ltd.	South Africa	80%	3.477	207
BEUMER Group Benelux B.V.	The Netherlands	100%	18.499	4.511
BEUMER Group UK Limited	United Kingdom	100%	16.081	4.725
Crisplant (Shanghai) Co., Ltd.	China	100%	4.321	-110
Crisplant Airport Systems L.L.C.	Abu Dhabi	100%	2.659	1.860

Notes to the Financial Statements

8 Other fixed asset investments

	Receivables from group enterprises kDKK	Other receiv- ables kDKK
Cost at 1 January	44.872	192
Exchange adjustment	0	7
Additions for the year	13.012	0
Disposals for the year	-7.431	0
Cost at 31 December	50.453	199
Carrying amount at 31 December	50.453	199

9 Inventories

	2016 kDKK	2015 kDKK
Raw materials and consumables	3.863	11.868
Work in progress	15.925	22.304
Finished goods and goods for resale	37.316	36.572
	57.104	70.744

10 Contract work in progress

Selling price of work in progress	2.747.313	2.861.165
Payments received on account	-2.761.529	-2.885.298
	-14.216	-24.133
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	199.318	289.454
Prepayments received recognised in debt	-213.534	-313.587
	-14.216	-24.133

Notes to the Financial Statements

	2016 kDKK	2015 kDKK
11 Deferred tax asset		
Deferred tax asset at 1 January	12.708	20.950
Amounts recognised in the income statement for the year	-7.518	-3.816
Amounts recognised in equity for the year	4.036	-3.623
Other tax refunds	-3.676	-803
Deferred tax asset at 31 December	5.550	12.708

The Company expects the recognised tax asset to be utilised within a few years based on the budgets for the coming years.

12 Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums, subscriptions and exhibitions.

13 Equity

The share capital consists of 50,700 shares of a nominal value of kDKK 1. No shares carry any special rights.

	2016 kDKK	2015 kDKK
14 Distribution of profit		
Proposed dividend for the year	37.000	30.000
Reserve for net revaluation under the equity method	22.745	2.862
Retained earnings	26.013	15.833
	85.758	48.695

Notes to the Financial Statements

	2016 kDKK	2015 kDKK
15 Other provisions		
Warranties	19.414	15.942
	19.414	15.942
The provisions are expected to mature as follows:		
Within 1 year	9.295	9.121
Between 1 and 5 years	9.791	6.821
After 5 years	328	0
	19.414	15.942

The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims.

16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2016 kDKK	2015 kDKK
Other payables		
Between 1 and 5 years	10.498	14.371
Long-term part	10.498	14.371
Within 1 year	5.862	0
Other short-term payables	132.521	93.017
Short-term part	138.383	93.017
	148.881	107.388

Notes to the Financial Statements

17 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	2016 kDKK	2015 kDKK
Liabilities	46.846	21.157

Forward exchange contracts have been concluded to hedge future sale of goods in AUD, CAD, CNY, EUR, GBP, HKD, SGD, USD and ZAR. At the balance sheet date, the fair value of the forward exchange contracts amounts to DKK 46.846k. Sale of goods in the above-mentioned currencies has been hedged for a period of 1-46 months for an amount of AUD 753k, CAD 16.032k, CNY 19.745k, GBP 148k, HKD 31.999k, SGD 4.741k, USD 64.233k and ZAR 8.925k.

Notes to the Financial Statements

	2016 kDKK	2015 kDKK
18 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Commitments under rental agreements or leases until expiry	5.852	2.442
Commitments under rental agreements or leases with group enterprises until expiry	58.552	65.045
Guarantee obligations		
The Company has provided guarantees by way of absolute guarantee for certain group enterprises' payables and other commitments to these enterprises' banks. In addition, the Company has provided payment guarantees to several suppliers to the subsidiary Crisplant Airport Systems LLC in Abu Dhabi totalling	0	20.918
The Company has provided three parent guarantees to customers belonging to BEUMER Group UK Limited, two parent guarantees to customers belonging to BEUMER Group Hong Kong Company Ltd., one parent guarantees to customers belonging to OOO BEUMER as well as one group guarantee to a customer belonging to BEUMER Group Canada Corporation. The project values relating to these guarantees are	569.637	397.453
The Company's banks have provided bank guarantees to the Company's and the group enterprises' customers of a total amount of	502.770	411.979
The Company has provided guarantee for bank balances in subsidiaries with a maximum credit line of	3.432	3.943

Other contingent liabilities

The Company participates in Danish joint taxation with Crisplant Holding ApS as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Notes to the Financial Statements

19 Related parties

	<u>Basis</u>
Controlling interest	
BEUMER GmbH & CO. KG, reg. no. HR A 7620	Ultimate parent
Crisplant Holding ApS, reg. no. 31 07 90 47	Immediate parent

Transactions

Referring to section 98 C, litra 7 of the Danish Financial Statements Act, no information describing transactions with related parties is provided.

Consolidated Financial Statements

The Company is included in the Group Annual Report of

<u>Name</u>	<u>Place of registered office</u>
BEUMER GmbH & CO. KG	Older Str. 40, 59269 Beckum, Germany, reg. no. HR A 7620

The Group Annual Report of BEUMER GmbH & CO. KG may be obtained at the following address:

BEUMER GmbH & CO. KG
Older Str. 40
59269 Beckum
Germany

Notes to the Financial Statements

20 Fee to auditors appointed at the general meeting

PricewaterhouseCoopers

Audit fee	425	0
Tax advisory services	164	0
Other services	293	0

882 0

Deloitte

Audit fee	0	780
Tax advisory services	0	229
Other services	0	96

0 1.105

882 1.105

Notes, Accounting Policies

Basis of Preparation

The Annual Report of BEUMER Group A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year. Minor reclassifications have been made to the comparative figures. The reclassifications have no impact on the profit for the year and equity.

Financial Statements for 2016 are presented in kDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of BEUMER GmbH & CO. KG, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Notes, Accounting Policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Notes, Accounting Policies

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

In accordance with section 96(1) of the Danish Financial Statements Acts, disclosures on revenue broken down by business segments are not provided as the Company's Executive Board and Supervisory Board assess that such disclosures would be very detrimental to the Company.

Production costs

Production costs comprises costs incurred to achieve revenue for the year. Cost comprises raw materials and consumables, wages and salaries, rent and leases, share of HR and IT costs, share of building costs as well as depreciation of production plant.

Distribution expenses

Distribution expenses comprise costs incurred for distribution of goods/plant sold, including costs for sales and distribution staff, advertising costs as well as depreciation and amortisation.

Development expenditure

Development expenditure comprise costs that do not meet the criteria for capitalisation as well as amortisation and impairment losses of development costs capitalised.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office premises, office expenses, depreciation, etc. Furthermore, provision for bad debt is recognised.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes, Accounting Policies

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the parent company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects, patents and licences

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis and by deferred tax.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 4-5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Notes, Accounting Policies

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	50 years
Plant and machinery	2-10 years
Other fixtures and fittings, tools and equipment	2-10 years
Leasehold improvements	2-10 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of receivables from group enterprises.

Notes, Accounting Policies

Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and prepayments to suppliers.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes, Accounting Policies

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Notes, Accounting Policies

Financial Highlights

Explanation of financial ratios

Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$