

Danrol of Denmark A/S

c/o Rulmeca A/S, Byleddet 7  
4000 Roskilde

CVR no. 13 11 83 96

**Annual report 2016**

The annual report was presented and approved at  
the Company's annual general meeting on

31 May 2017

Carsten Spanggaard  
chairman



Danrol of Denmark A/S  
Annual report 2016  
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## Statement by the Board of Directors and the Executive Board

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

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Roskilde, 31 May 2017  
Executive Board:

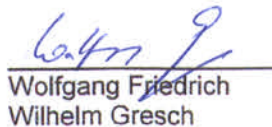


Peter Lutz

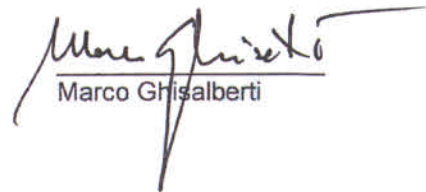
Board of Directors:



Carsten Spanggaard  
Chairman



Wolfgang Friedrich  
Wilhelm Gresch



Marco Ghisalberti



Peter Lutz



## **Independent auditor's report**

### **To the shareholders of Danrol of Denmark A/S**

#### **Opinion**

We have audited the financial statements of Danrol of Denmark A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position 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.

#### **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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibility for the 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 that 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.



## Independent auditor's report

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

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made 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 company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 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



## **Independent auditor's report**

audit.

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

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 31 May 2017

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

David Olafsson  
State Authorised  
Public Accountant

Danrol of Denmark A/S  
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## Management's review

### Company details

Danrol of Denmark A/S  
c/o Rulmeca A/S, Byleddet 7  
4000 Roskilde

Telephone: 36 77 67 55  
E-mail: dk@rulmeca.com

CVR no.: 13 11 83 96  
Established: 1 May 1989  
Registered office: Roskilde  
Financial year: 1 January – 31 December

### Board of Directors

Carsten Spanggaard, Chairman  
Wolfgang Friedrich Wilhelm Gresch  
Marco Ghisalberti  
Peter Lutz

### Executive Board

Peter Lutz

### Auditor

KPMG P/S  
Dampfærgevej 28  
2100 København Ø

## **Management's review**

### **Operating review**

#### **Principal activities**

The company's main activity is to produce engines and drive industrial production and trade in general.

#### **Uncertainty regarding recognition and measurement**

In Management's opinion, no special uncertainties exist in relation to the company's recognition and measurement of assets and liabilities .

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

The income statement of the Company for 2016 shows a loss of DKK -383,917, and at 31 December 2016 the balance sheet of the Company shows equity of DKK 7.063.975.

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

No events occurred after the end of the financial year that might materially affect the company 's financial position.



## Financial statements 1 January – 31 December

### Income statement

DKK	Note	2016	2015
<b>Gross profit/loss</b>		-301,574	2,695,638
Staff costs	2	-109,584	-2,810,808
Depreciation, amortisation and impairment	3	0	-22,715
<b>Operating loss</b>		-411,158	-137,885
Financial income	4	31,128	8,141
Financial expenses	5	-3,886	-19,709
<b>Loss before tax</b>		-383,916	-149,453
Tax on profit/loss for the year		0	0
<b>Loss for the year</b>		-383,916	-149,453
<b>Proposed distribution of loss</b>			
Retained earnings		-383,916	-149,453
		-383,916	-149,453

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	2016	2015
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Investments</b>			
Equity investments in group entities		2,559,819	1,443,309
		<u>2,559,819</u>	<u>1,443,309</u>
<b>Total fixed assets</b>		<u>2,559,819</u>	<u>1,443,309</u>
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables		351,520	459,138
Receivables from group entities		0	1,206,761
Corporation tax		229,523	139,272
Other receivables		0	424,285
		<u>581,043</u>	<u>2,229,456</u>
<b>Cash at bank and in hand</b>		<u>4,166,404</u>	<u>4,072,275</u>
<b>Total current assets</b>		<u>4,747,447</u>	<u>6,301,731</u>
<b>TOTAL ASSETS</b>		<u><u>7,307,266</u></u>	<u><u>7,745,040</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	2016	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	6		
Share capital		500,000	500,000
Retained earnings		<u>6,563,946</u>	<u>6,947,862</u>
<b>Total equity</b>		<u>7,063,946</u>	<u>7,447,862</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		207,277	132,736
Other payables		<u>36,043</u>	<u>164,442</u>
		<u>243,320</u>	<u>297,178</u>
<b>Total liabilities other than provisions</b>		<u>243,320</u>	<u>297,178</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>7,307,266</u>	<u>7,745,040</u>
Contractual obligations, contingencies, etc.			
Mortgages and collateral			
Related party disclosures	7		

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Danrol of Denmark A/S for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

— Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2015 or for the comparative figures. The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

#### Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

#### General information on recognition and valuation

In the profit and loss account income is recognised as it is earned, including value adjustment of financial assets and liabilities. All costs, including depreciation and write-downs, are also included in the profit and loss account.

Assets are recognised in the balance sheet if it is likely that future financial advances will accrue to the company and the asset can be valued reliably.

Liabilities are recognised in the balance sheet if it is likely that the company will be denied future financial advantages and the liability can be valued reliably.

When assets and liabilities are first recognised, they are valued at original cost. Assets and liabilities are subsequently valued as described for each individual item below.

#### Income statement

##### Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

decided only to disclose gross profit.

#### Staff costs

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

#### Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

#### Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

### Balance sheet

#### Intangible assets

##### *Goodwill*

Goodwill is amortised on a straight-line basis over the estimated useful life determined

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

on the basis of Management's experience within the individual business areas. The maximum amortisation period is between 5 and 25 years and longest for strategically acquired entities with a strong market position and long-term earnings profile.

#### Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

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

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Other fixtures and fittings, tools and equipment	3-8 years
Plant and machinery	5-10 years
Leasehold improvements	5 years

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

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

#### Equity investments in group entities

Equity investments in group entities and associates are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

recoverable amount, write-down is made to this lower value.

#### Inventories

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

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

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

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

#### Receivables

Receivables are measured at amortised cost.

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

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

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

#### Prepayments and deferred income

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

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Equity

###### *Dividend*

The expected dividend payment for the year is disclosed as a separate item under equity.

##### Corporation tax and deferred tax

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

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

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

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

##### Liabilities other than provisions

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

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

Other liabilities are measured at net realisable value.



<b>2 Staff costs</b>			
DKK	2016	2015	
Wages and salaries	85,212	2,457,745	
Pensions	0	247,849	
Other social security costs	24,372	71,316	
Other staff costs	0	33,898	
	<u>109,584</u>	<u>2,810,808</u>	
Average number of full-time employees	<u>1</u>	<u>9</u>	
<b>3 Depreciation, amortisation and impairment</b>			
Improvements of premises	0	22,715	
	<u>0</u>	<u>22,715</u>	
<b>4 Financial income</b>			
Foreign exchange gains	31,128	0	
Other interest income	0	8,141	
	<u>31,128</u>	<u>8,141</u>	
<b>5 Financial expenses</b>			
Other financial expenses	3,886	19,709	
	<u>3,886</u>	<u>19,709</u>	
<b>6 Equity</b>			
DKK	Share capital	Retained earnings	Total
Equity at 1 January 2016	500,000	7,097,315	7,447,862
Transferred over the [profit appropriation/distribution of loss]	0	-383,916	-383,916
Equity at 31 December 2016	<u>500,000</u>	<u>6,713,399</u>	<u>7,063,946</u>

There have been no changes in the share capital during the last five years.

## 7 Related party disclosures

Danrol Of Denmark A/S' related parties comprise the following:

### Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital:

Rulmecca Holding SpA

Alme Bergamo

Italien