

Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Weidekampsgade 6
Postboks 1600
0900 København C

Telefon 36 10 20 30
Telefax 36 10 20 40
www.deloitte.dk

Omron Electronics A/S
Theilgaards Torv 3, 1
4600 Køge
Central Business Registration No
13438048

Annual report 2016/17

The Annual General Meeting adopted the annual report on 07.07.2017

Chairman of the General Meeting

Name: Majbrit Toft

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Entity details

Entity

Omron Electronics A/S
Theilgaards Torv 3, 1
4600 Køge

Central Business Registration No: 13438048

Registered in: Køge

Financial year: 01.04.2016 - 31.03.2017

Board of Directors

Preben Olsen, chairman
Vincent Spencer King
Per Pilegaard

Executive Board

Vincent Spencer King, General Manager

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Omron Electronics A/S for the financial year 01.04.2016 - 31.03.2017.

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 31.03.2017 and of the results of its operations for the financial year 01.04.2016 - 31.03.2017.

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.

Køge, 28.06.2017

Executive Board

Vincent Spencer King
General Manager

Board of Directors

Preben Olsen
chairman

Vincent Spencer King

Per Pilegaard

Independent auditor's report

To the shareholders of Omron Electronics A/S

Opinion

We have audited the financial statements of Omron Electronics A/S for the financial year 01.04.2016 - 31.03.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.03.2017 and of the results of its operations for the financial year 01.04.2016 - 31.03.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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.

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 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 financial statements unless Management either intends to liquidate the Entity 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:

Independent auditor's report

- 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

København, 28.06.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Flemming Larsen

State Authorised Public Accountant

Management commentary

Primary activities

The Company's activities consist of sale, delivery and marketing of sensors, vision systems, control components together with PLC, software, networks and drives for automation.

Development in activities and finances

The financial year 2016/17 was an acceptable year for Omron Electronics A/S.

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.

Income statement for 2016/17

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
Gross profit		30.326.065	28.591.170
Staff costs	1	(28.269.185)	(25.973.099)
Depreciation, amortisation and impairment losses	2	<u>(329.743)</u>	<u>(476.982)</u>
Operating profit/loss		1.727.137	2.141.089
Other financial income	3	0	54.024
Other financial expenses	4	<u>(79.342)</u>	<u>(92.002)</u>
Profit/loss before tax		1.647.795	2.103.111
Tax on profit/loss for the year	5	<u>(449.911)</u>	<u>(603.356)</u>
Profit/loss for the year		<u>1.197.884</u>	<u>1.499.755</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		1.000.000	8.000.000
Retained earnings		<u>197.884</u>	<u>(6.500.245)</u>
		<u>1.197.884</u>	<u>1.499.755</u>

Balance sheet at 31.03.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
Other fixtures and fittings, tools and equipment		566.167	1.361.264
Leasehold improvements		230.663	0
Property, plant and equipment	6	<u>796.830</u>	<u>1.361.264</u>
Other receivables		529.050	523.299
Fixed asset investments		<u>529.050</u>	<u>523.299</u>
Fixed assets		<u>1.325.880</u>	<u>1.884.563</u>
Manufactured goods and goods for resale		29.073	16.830
Inventories		<u>29.073</u>	<u>16.830</u>
Trade receivables		17.634.756	20.136.857
Receivables from group enterprises		150.160	594.167
Deferred tax		18.000	0
Other receivables		485.382	540.097
Income tax receivable		194.000	172.000
Receivables		<u>18.482.298</u>	<u>21.443.121</u>
Cash		<u>9.621.413</u>	<u>17.253.649</u>
Current assets		<u>28.132.784</u>	<u>38.713.600</u>
Assets		<u>29.458.664</u>	<u>40.598.163</u>

Balance sheet at 31.03.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Contributed capital	7	10.000.000	10.000.000
Retained earnings		306.615	108.731
Proposed dividend		<u>1.000.000</u>	<u>8.000.000</u>
Equity		<u>11.306.615</u>	<u>18.108.731</u>
Deferred tax		<u>0</u>	<u>19.240</u>
Provisions		<u>0</u>	<u>19.240</u>
Finance lease liabilities		<u>33.900</u>	<u>54.240</u>
Non-current liabilities other than provisions		<u>33.900</u>	<u>54.240</u>
Finance lease liabilities		20.340	20.340
Trade payables		535.718	284.386
Payables to group enterprises		9.550.415	14.082.353
Income tax payable		149.920	330.500
Other payables	8	<u>7.861.756</u>	<u>7.698.373</u>
Current liabilities other than provisions		<u>18.118.149</u>	<u>22.415.952</u>
Liabilities other than provisions		<u>18.152.049</u>	<u>22.470.192</u>
Equity and liabilities		<u>29.458.664</u>	<u>40.598.163</u>
Unrecognised rental and lease commitments	9		
Group relations	10		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	10.000.000	108.731	8.000.000	18.108.731
Ordinary dividend paid	0	0	(8.000.000)	(8.000.000)
Profit/loss for the year	0	197.884	1.000.000	1.197.884
Equity end of year	10.000.000	306.615	1.000.000	11.306.615

Notes

	2016/17	2015/16
	DKK	DKK
1. Staff costs		
Wages and salaries	26.208.486	24.049.797
Pension costs	1.767.031	1.632.911
Other social security costs	293.668	290.391
	28.269.185	25.973.099
Number of employees at balance sheet date	40	39
	2016/17	2015/16
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	374.635	674.025
Profit/loss from sale of intangible assets and property, plant and equipment	(44.892)	(197.043)
	329.743	476.982
	2016/17	2015/16
	DKK	DKK
3. Other financial income		
Interest income	0	54.024
	0	54.024
	2016/17	2015/16
	DKK	DKK
4. Other financial expenses		
Interest expenses	67.268	85.941
Exchange rate adjustments	12.074	6.061
	79.342	92.002
	2016/17	2015/16
	DKK	DKK
5. Tax on profit/loss for the year		
Tax on current year taxable income	493.920	616.500
Change in deferred tax for the year	(37.240)	(13.144)
Adjustment concerning previous years	(6.769)	0
	449.911	603.356

Notes

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
6. Property, plant and equipment		
Cost beginning of year	3.569.350	465.835
Additions	30.400	0
Disposals	(653.892)	0
Cost end of year	<u>2.945.858</u>	<u>465.835</u>
Depreciation and impairment losses beginning of the year	(2.525.586)	(148.335)
Depreciation for the year	(287.798)	(86.837)
Reversal regarding disposals	433.693	0
Depreciation and impairment losses end of the year	<u>(2.379.691)</u>	<u>(235.172)</u>
Carrying amount end of year	<u>566.167</u>	<u>230.663</u>
	Par value DKK	Nominal value DKK
7. Contributed capital		
Ordinary shares	10000000	10.000.000
	<u>1</u>	<u>10.000.000</u>
	<u>1</u>	<u>10.000.000</u>
	2016/17 DKK	2015/16 DKK
8. Other payables		
VAT and duties	2.045.509	1.948.975
Wages and salaries, personal income taxes, social security costs, etc payable	5.252.801	5.220.557
Other costs payable	563.446	528.841
	<u>7.861.756</u>	<u>7.698.373</u>
	2016/17 DKK	2015/16 DKK
9. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	<u>4.302.884</u>	<u>5.071.968</u>

Notes

10. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
OMRON Corporation, Shiokoji Horikawa, Shimogyo-ku, Kyoto 600-8530 Japan

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Omron Europe B.V., Wegalaan 67-69, 2132 JD, Hoofddorp, Holland

Accounting policies

Reporting class

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

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

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 sales and external expenses. In accordance with the Danish Financial Statements Act governing reporting §32 only the gross profit is shown.

Revenue

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

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

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation 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 financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies 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 losses on securities, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Accounting policies

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.

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:

Cars, tools and equipment	5 years
Other fixtures and fittings	3 years
Computer equipment	2 years

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

Profits and losses from sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement together with depreciation and impairment losses.

Receivables

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

Inventories

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

Cost of goods for resale consists of purchase price plus delivery costs.

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

Deferred tax

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

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.

Income tax payable or receivable

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

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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.

Other financial liabilities

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