

Revisionsfirmaet



Ole Vestergaard

Statsautoriserede revisorer

CWS Danmark ApS

Furvej 2, 8940 Randers SV

CVR-nr.: 13 91 68 96

Annual Report for 2016

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 19/4 - 2017.

Frank Højlund Lavrsen, conductor

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Management's Statement on the Annual Report

We have today considered and adopted the Annual Report of CWS Danmark ApS for the financial year 1. January - 31. December 2016.

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

It is our opinion that the financial statement gives a true and fair view of the company's assets, liabilities and financial position at 31. december 2016 as well as results of the Company operations for the financial year 1 January - 31 December 2016. At the same time, it is our opinion that the management review contains a true and fair account of the circumstances that the review contains.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Randers, 14/4 2017

Executive Board

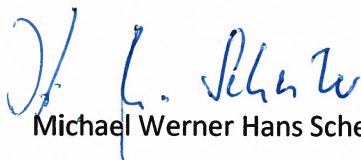
Frank Højlund Lavrsen



Supervisory Board



Peter Frese



Michael Werner Hans Scheiter



Hans Helmut Schmidt

Independent Auditors' Report

To the Shareholders of CWS Danmark ApS

Opinion

We have audited the Financial Statement of CWS Danmark ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statement are prepared under the Danish Financial Statements Act.

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 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 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 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 Auditors' Report - continued

Auditor's Responsibilities for the Audit of the Financial Statement

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 judgment and maintain professional skepticism 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.
- 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.

Independent Auditors' Report - continued

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, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of Management's Review.

Fårup, ¹⁹/₄ 2017

Revisionsfirmaet Ole Vestergaard
Statsautoriseret Revisionsaktieselskab

CVR-nr.: 31 50 17 41



Karsten Laursen

State Authorised Public Accountant

Company Information

The Company

CWS Danmark ApS
Furvej 2
8940 Randers SV
Phone: 86 44 70 22
Website: www.cws.dk
CVR-nr.: 13 91 68 96
Date of establishment: 1. January 1990
Municipality: Randers Kommune

Supervisory Board

Peter Frese
Michael Werner Hans Scheiter
Hans Helmut Schmidt

Executive Board

Frank Højlund Lavrsen

Bank

Danske Bank

Auditors

Revisionsfirmaet Ole Vestergaard
Statsautoriseret Revisionsaktieselskab
Bakkevænget 16
8990 Fårup

Management's Review

Principle activities

The company's principle activities are to operate as a trading company and secondarily to conduct consulting and investment activities as well as activities derived in connection with these.

Development of activities and financial conditions

The financial statement is considered satisfactory.

Events after the end of the financial year

After the end of the fiscal year there have not been events that could significantly have an impact on the financial position of the company.

Income Statement

| Note | 2016 | 2015 |
|--|------------------|------------------|
| Gross profit | 3.716.971 | 3.681.970 |
| 1 Staff costs | -3.003.277 | -3.005.746 |
| Depreciations | -251.728 | -221.184 |
| Operating profit | 461.967 | 455.040 |
| Financial income | 5.355 | 9.913 |
| Financial expenses | -43.759 | -54.454 |
| Profit before tax | 423.563 | 410.500 |
| Tax on profit/loss for the year | -94.782 | -101.861 |
| Net profit for the year | 328.781 | 308.639 |
| Proposed distribution of profit | | |
| Retained earnings | 328.781 | 308.639 |
| Total distribution | 328.781 | 308.639 |

Balance sheet

| Note | 31/12 2016 | 31/12 2015 |
|------------------------------------|--------------------------|-------------------------|
| Software | 29.780 | 0 |
| 2 Intangible assets | <u>29.780</u> | <u>0</u> |
| Land and buildings | 1.414.570 | 1.558.325 |
| Tools and equipment | 584.551 | 253.268 |
| 3 Tangible assets | <u>1.999.121</u> | <u>1.811.593</u> |
| Total non-current assets | <u>2.028.900</u> | <u>1.811.593</u> |
| Finished goods and merchandise | <u>5.196.845</u> | <u>4.141.245</u> |
| Trade receivables | 2.667.860 | 1.832.181 |
| Receivables from group enterprises | 0 | 29.962 |
| Other receivables | 4.586 | 5.071 |
| Accruals | 54.950 | 49.840 |
| Total receivables | <u>2.727.396</u> | <u>1.917.054</u> |
| Cash at bank | <u>884.958</u> | <u>665.464</u> |
| Total current assets | <u>8.809.199</u> | <u>6.723.763</u> |
| Total assets | <u>10.838.099</u> | <u>8.535.356</u> |

Balance sheet

| Note | 31/12 2016 | 31/12 2015 |
|--|-------------------|------------------|
| Share capital | 200.000 | 200.000 |
| Retained earnings | 3.324.104 | 2.995.324 |
| 4 Total equity | 3.524.104 | 3.195.324 |
| Provision for deferred tax | 77.178 | 62.718 |
| Total provisions | 77.178 | 62.718 |
| Credit institutions | 948.927 | 1.031.636 |
| 5 Total long-term debt | 948.927 | 1.031.636 |
| Credit institutions | 378.224 | 312.340 |
| Trade payables | 490.860 | 451.463 |
| Payables to group enterprises | 3.902.090 | 2.282.027 |
| Corporation tax | 80.322 | 109.346 |
| Other payables | 1.436.392 | 1.090.503 |
| Total short-term debt | 6.287.889 | 4.245.679 |
| Total debt | 7.236.816 | 5.277.315 |
| Total debt and equity | 10.838.099 | 8.535.356 |
| 6 Contractual obligations and contingencies etc. | | |
| 7 Mortgages and securities | | |

Notes

| | 2016 | 2015 |
|---|--------------------|---------------------|
| 1. Staff costs | | |
| Wages and salaries, etc. | 2.722.585 | 2.771.623 |
| Pension schemes | 78.000 | 78.000 |
| Other social security expenses | 202.691 | 156.123 |
| | <hr/> | <hr/> |
| Total staff costs | 3.003.277 | 3.005.746 |
| | <hr/> | <hr/> |
| Average number of full-time employees | 6 | 6 |
| | <hr/> | <hr/> |
| 2. Intangible assets | | |
| | | Software |
| Cost at 31/12 2015 | | 0 |
| Additions for the year | | 42.883 |
| | | <hr/> |
| Cost at 31/12 2016 | | 42.883 |
| | | <hr/> |
| Depreciation at 31/12 2015 | | 0 |
| Depreciation for the year | | 13.103 |
| | | <hr/> |
| Depreciation at 31/12 2016 | | 13.103 |
| | | <hr/> |
| Carrying amount at 31/12 2016 | | 29.780 |
| | | <hr/> |
| 3. Property, plant and equipment | | |
| | Land and buildings | Tools and equipment |
| Cost at 31/12 2015 | 2.830.439 | 883.936 |
| Additions for the year | 0 | 426.152 |
| Disposals for the year | 0 | -77.500 |
| | <hr/> | <hr/> |
| Cost at 31/12 2016 | 2.830.439 | 1.232.588 |
| | <hr/> | <hr/> |
| Depreciation at 31/12 2015 | 1.272.114 | 630.667 |
| Depreciation for the year | 143.755 | 94.870 |
| Depreceation of sold assets for the year | 0 | -77.500 |
| | <hr/> | <hr/> |
| Depreciation at 31/12 2016 | 1.415.869 | 648.037 |
| | <hr/> | <hr/> |
| Carrying amount at 31/12 2016 | 1.414.570 | 584.551 |
| | <hr/> | <hr/> |
| Recent official property valuation (October 2015) | 2.150.000 | |
| | <hr/> | |

Notes

4. Equity

| | Share capital | Retained earnings |
|------------------------------|---------------|-------------------|
| Equity at 31/12 2015 | 200.000 | 2.995.324 |
| Net profit/loss for the year | 0 | 328.781 |
| Equity at 31/12 2016 | 200.000 | 3.324.104 |

5. Long-term debt

| | Debt 31/12 2015 | Debt 31/12 2016 | Within 1 year | After 5 years |
|---------------------|--------------------|--------------------|------------------|------------------|
| Credit institutions | 1.107.536 | 1.026.927 | 78.000 | 625.000 |
| | 1.107.536 | 1.026.927 | 78.000 | 625.000 |

6. Contractual obligations and contingencies etc.

The standard guarantee obligations for the industry apply.

Operating leases

The company has entered into an operating leasing agreement for the lease of operating equipment. The leasing agreement runs for 18 months and expires on 31 October 2017. The annual value leasing charge is DKK 80.000, and the remaining leasing obligation is DKK 257.000.

7. Mortgages and securities

As security for debt for credit institutions, size DKK 1.026.927, a lien has been taken in land and buildings, the accounting value of which is DKK 1.415.570 as of 31 December 2016.

As security for exposures with the financial institution, a security of DKK 1.500.000 has been provided as collateral in the mortgage deed.

The accounting value of the mortgaged assets is DKK 1.415.570.

Summary of significant accounting policies

Basis of Preparation

The Annual report for CWS Danmark ApS for 2016 is reported in accordance with the financial statements act for class B-companies with optional individual rules for class C-companies.

The most essential elements of the applied accounting practise, that is unchanged in relations to last year, are following:

The Income statement

Net turnover

Net turnover from sales of commodities and finished goods will be included in the final statement if delivery and passing of risk to the buyer has taken place before year end. The net turnover is recognized net. VAT and net of discounts in connection with the sale.

Financial items

Financial income and costs are incorporated in the profit and loss statement with the amounts that are related to the financial year. Financial items include interest income and - costs, financial costs of financial leasing, realized and unrealized capital gains and losses concerning securities, debt and transactions in foreign currency, amortization of mortgage loans and supplements and repayments under the prepaid tax arrangement etc.

Tax of profit of the year

The tax of the year, that consists of the current tax of the year and delays in postponed tax, is incorporated in the profit and loss statement with the part that can be related to the profit of the year, and directly to the shareholders' equity with the part that can be related to posting directly on the shareholders' equity.

The balance sheet

Intangible assets

Software are measured at cost price with deductions of accumulated depreciations or at recoverable amount if this is lower. Software is depreciated linear over the expected economic lifetime, which is set to 3 years.

Summary of significant accounting policies - continued

Tangible assets

Tangible assets are measured at cost price with deductions of accumulated depreciations.

Basis for depreciation is cost price with deduction of expected residual values after completed time of use. Land is not depreciated.

The cost price include purchase price and costs directly related to the purchase until the time when the asset is ready for use.

Linear depreciations are done based on the following assessment of the expected time of use and residual value of the assets:

| | <u>Time of use</u> | <u>Residual Value</u> |
|---------------------|--------------------|-----------------------|
| Buildings | 25 years | 0% |
| Tools and equipment | 5 - 10 years | 0% |

Profit and loss at sale of tangible assets are made up as the difference between sale price with deduction of sales costs and the accounting value at the time of the sale. Profit or loss is incorporated in the profit and loss statement under other operating income and expenses.

Inventories

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

The cost of goods for resale, raw materials and consumables equals landed cost.

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

Receivables

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

Summary of significant accounting policies - continued

Deferred tax assets and liabilities

Current tax obligations and receivable current tax are incorporated in the balance sheet as calculated tax of the taxable income of the year regulated for taxable income for previous years and for paid tax on account.

Deferred tax is measured after the balance oriented liability method of temporary differences between accounting and tax value of assets and obligations made up on the basis of the planned application of the asset respectively divestment of the obligation.

Deferred tax assets, including the tax value of justified carried-forward tax deficiency, are measured as the value for which the assets is expected to be sold for, either as settlement of tax of future income or as a deduction in deferred tax obligations within the same legal tax entity. Any deferred net tax assets are measured at net market value.

Deferred tax is measured on the basis of the tax regulations and tax rates that are current legislation on the day of the balance, when the deferred tax is expected to be disclosed as current tax. Change in deferred tax as a follow of changes in tax rates is incorporated in the profit and loss statement. For current year a tax rate of 22% is applied.

Debt obligations

Financial obligations are incorporated at the time of the lend at cost price, equivalent to the received proceeds after deduction of held transaction costs. In the following periods the financial obligations are measured at amortized cost price equivalent to the capitalized value when applying the effective rate of interest, so that the difference between proceeds and the nominal value is incorporated in the profit and loss statement over the loan period.

In this way, mortgage debt is measured at amortised cost, which for cash loans corresponds to the loan's outstanding debt. For debenture loans, the amortised cost corresponds to an outstanding debt calculated as the loan's underlying cash value at the loan's borrowing time, regulated with a depreciation of the loan's value adjustment performed across the payment period of the loan at the time of borrowing.

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

Summary of significant accounting policies - continued

Translation of foreign currency

Transactions in foreign currency are translated at the exchange rate of the transaction day. Currency differentials that occur between the exchange rate of the transaction day and the exchange rate of the day of payment are incorporated in the profit and loss statement as a financial item. If foreign currency holdings are considered as hedging of future money flows, the value adjustments are incorporated directly on the shareholder's equity.

Outstanding amounts, debt and other monetary items in foreign currency, that are not settled at the day of balance, are measured at the foreign exchange rate of the day of the balance. The difference between the exchange rate of the day of balance and the exchange rate on the time of the occurrence of the outstanding amount or the debt is incorporated in the profit and loss statement under financial income and costs.