

**Epoke A/S  
Central Business Registration No  
14125345  
Vejenvej 50  
6600 Vejen**

**Annual report 2015/16**

The Annual General Meeting adopted the annual report on 13.06.2016

**Chairman of the General Meeting**

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Name: Kristian la Cour

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## **Entity details**

### **Entity**

Epoke A/S  
Vejenvej 50  
6600 Vejen

Central Business Registration No: 14125345

Founded: 01.05.1990

Registered in: Vejen

Financial year: 01.03.2015 - 29.02.2016

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### **Board of Directors**

Søren Klarskov Vilby, Chairman

Thomas Marstrand, Vice Chairman

Jeppe B. Andersen

Asger Bruun-Christensen

Kristian la Cour

Nicholas Andrew Vince

Dan Johannsen

### **Executive Board**

Kristian Olsen, CEO

Jan Eriksen, CFO

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

Frodesgade 125

Postboks 200

6701 Esbjerg

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Epoke A/S for the financial year 01.03.2015 - 29.02.2016.

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 29.02.2016 and of the results of its operations and cash flows for the financial year 01.03.2015 - 29.02.2016.

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.

Vejen, 12.04.2016

### Executive Board

Kristian Olsen  
CEO

Jan Eriksen  
CFO

### Board of Directors

Søren Klarskov Vilby  
Chairman

Thomas Marstrand  
Vice Chairman

Jeppe B. Andersen

Asger Bruun-Christensen

Kristian la Cour

Nicholas Andrew Vince

Dan Johannsen

## **Independent auditor's reports**

### **To the owners of Epoke A/S**

#### **Report on the financial statements**

We have audited the financial statements of Epoke A/S for the financial year 01.03.2015 - 29.02.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### **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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the Company's financial position at 29.02.2016 and of the results of its operations and cash flows for the financial year 01.03.2015 - 29.02.2016 in accordance with the Danish Financial Statements Act.

## **Independent auditor's reports**

### **Statement on the management commentary**

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Esbjerg, 12.04.2016

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Jørn Jepsen  
State Authorised Public Accountant

Mikael Grosbøl  
State Authorised Public Accountant

CVR-nr. 33963556

## Management commentary

	<b>2015/16</b>	<b>2014/15</b>	<b>2013/14</b>	<b>2011/13</b>	<b>2010/11</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial high-lights</b>					
<b>Key figures</b>					
Revenue	211.953	247.590	251.412	414.058	273.271
Gross profit/loss	82.247	100.882	111.566	161.949	112.100
Operating profit/loss	9.675	16.363	32.895	32.142	18.951
Net financials	(6.369)	(6.338)	(5.857)	370	(255)
Profit/loss for the year	1.436	6.643	20.553	24.589	15.073
Total assets	191.682	156.348	167.471	163.617	235.482
Investments in property, plant and equipment	2.027	2.838	2.956	6.709	7.176
Equity	93.252	91.366	84.846	93.930	84.673
Invested capital including goodwill	101.252	98.763	101.671	122.708	130.258
<b>Ratios</b>					
Gross margin (%)	38,8	40,7	44,4	39,1	41,0
Net margin (%)	0,7	2,7	8,2	5,9	5,5
Return on invested capital including goodwill (%)	11,2	18,3	34,3	29,0	15,3
Return on equity (%)	1,6	7,5	23,0	27,5	18,4
Solvency ratio (%)	48,6	58,4	50,7	57,4	36,0

Please note that the financial year 2011/13 covers a 17-month period, for which reason the financial highlights are not directly comparable.

## **Management commentary**

### **Primary activities**

The primary activities of Epoke A/S are to develop, manufacture, market and sell Epoke machinery and spare parts. During 2015 the companies Hydromann A/S (snow removal equipment) and Brodd Sweden (sweepers) were acquired as a supplement and to complement the company's product range (winter/summer). Furthermore the acquisitions increases the Group's total world wide market share.

The Group's products are sold through own compaies in Denmark, Germany, Sweden and Poland. Sales and marketing in other markets are based on partnerships with dealers and the subsidiaries based in the respective countries.

Epoke Group markets anti-skid products in co-operation with dealers, focusing on the customer. Epoke Group aims to become the industry's best-known brand and to be a market leader in selected segments.

Epoke Group develops and manufactures state-of-the-art salt and liquid salt spreaders that meet the customers' requirements in terms of service, quality and economic life costs.

### **Development in activities and finances**

Revenue realised by Epoke A/S comes to DKK 212m against DKK 248m last year, the main share of which is attributable to exports.

Profit for the year before net financials is DKK 9,675k against DKK 16,363k for last year. Profit for the year after tax is DKK 1,436k against a profit of DKK 6,643k last year.

Epoke A/S is a firmly based enterprise with a solvency ratio of 50.8% at 29.02.2016.

### **Profit/loss for the year in relation to expected developments**

Management considers profit for the year less satisfactory and lower than expectations.

### **Outlook**

Management expects a better financial performance for the next financial year.

### **Particular risks**

#### **Currency Risks**

Epoke A/S' receivables and loans are primarily denominated in DKK. Epoke A/S does not apply financial instruments for the purpose of speculating.

Excess liquidity is deposited in money market accounts or the like. Therefore, Epoke A/S is exposed to no material financial risks.



## **Management commentary**

### **Intellectual capital resources**

Epoke Group aims to be an attractive workplace with motivated and committed staff. To ensure continued motivation and strong commitment on the part of staff, work at Epoke A/S is performed on the basis of corporate values enabling the individual staff member to make his or her own decisions. The management philosophy is freedom with responsibility.

Epoke Group has formulated a senior policy and is locally known for its efforts to retain senior staff as well as other social initiatives.

### **Environmental performance**

The Group holds a clean environmental approval dated 01.08.2000.

Epoke A/S is compliant with applicable environmental law etc and has not received any complaints or claims relating to non-compliance with environmental rules on the part of its Danish and foreign subsidiaries.

### **Research and development activities**

The Group is among the absolute market leaders when it comes to spreaders for winter road clearance. The Group has won this position through persistent and targeted development efforts as regards spreaders and related electronic products.

The two acquisitions during 2015, Hydromann and Brodd, is to be integrated and is expected to develop the Group.

The Group protects its development projects by taking out patents, if appropriate.

The Group intends to sustain its position by continuously adding the resources required and staying focused on road clearance.

The product portfolio is characterised by high performance, low service costs, high quality of products and in particular innovative solutions.

### **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.

## **Accounting policies**

### **Reporting class**

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

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

### **Consolidated financial statements**

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### **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 one 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.

## **Accounting policies**

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

### **Income statement**

#### **Revenue**

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

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

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

#### **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 costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

#### **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 write-downs 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.

## Accounting policies

### Amortisation, depreciation 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.

### Income from investments in group enterprises

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

### Other financial income

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

### Other financial expenses

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

### Income taxes

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.

The Entity is jointly taxed with the parent company and all the parent company's Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Balance sheet

### Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

## Accounting policies

### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 5 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

### 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.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

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

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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:

## Accounting policies

Buildings	7-33 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	7 years

For leasehold improvements the depreciation period cannot exceed the contract period.

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

### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

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

### Receivables

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

### Inventories

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

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

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

## **Accounting policies**

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

### **Income tax payable or receivable**

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

### **Prepayments**

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

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and 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.

### **Other provisions**

Other provisions comprise anticipated costs of guarantee commitments etc.

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

Guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

### **Operating leases**

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

### **Other financial liabilities**

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

## Accounting policies

### Cash flow statement

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

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

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

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

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.

### Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Ratios reflect</b>
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The Entity's operating profitability.
Return on invested capital incl goodwill (%)	$\frac{\text{EBITA} \times 100}{\text{Average invested capital incl goodwill}}$	The return generated by the Entity on the investors' funds.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.



## **Accounting policies**

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses relating to goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income taxes receivable and payable as well as cash are not included in net working capital.

## Income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Revenue		211.953	247.590
Changes in inventories of finished goods and work in progress		11.248	(4.780)
Other operating income		584	680
Cost of sales		(125.344)	(125.833)
Other external expenses		<u>(16.194)</u>	<u>(16.775)</u>
<b>Gross profit/loss</b>		<b>82.247</b>	<b>100.882</b>
Staff costs	1	(66.824)	(78.535)
Depreciation, amortisation and impairment losses		<u>(5.748)</u>	<u>(5.984)</u>
<b>Operating profit/loss</b>		<b>9.675</b>	<b>16.363</b>
Income from investments in group enterprises		(4.591)	(3.960)
Other financial income	2	1.078	979
Other financial expenses	3	<u>(2.856)</u>	<u>(3.357)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>3.306</b>	<b>10.025</b>
Tax on profit/loss from ordinary activities	4	<u>(1.870)</u>	<u>(3.382)</u>
<b>Profit/loss for the year</b>		<b><u>1.436</u></b>	<b><u>6.643</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>1.436</u>	<u>6.643</u>
		<b><u>1.436</u></b>	<b><u>6.643</u></b>

**Balance sheet at 29.02.2016**

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Completed development projects		2.431	3.810
Goodwill		2.333	0
<b>Intangible assets</b>	5	<u><b>4.764</b></u>	<u><b>3.810</b></u>
Land and buildings		11.740	12.893
Plant and machinery		5.314	6.593
Other fixtures and fittings, tools and equipment		2.549	2.368
Leasehold improvements		43	56
<b>Property, plant and equipment</b>	6	<u><b>19.646</b></u>	<u><b>21.910</b></u>
Investments in group enterprises		13.440	0
Other receivables		24	24
<b>Fixed asset investments</b>	7	<u><b>13.464</b></u>	<u><b>24</b></u>
<b>Fixed assets</b>		<u><b>37.874</b></u>	<u><b>25.744</b></u>
Raw materials and consumables		45.362	42.427
Manufactured goods and goods for resale		35.136	23.888
<b>Inventories</b>		<u><b>80.498</b></u>	<u><b>66.315</b></u>
Trade receivables		24.654	26.974
Receivables from group enterprises		33.477	21.815
Other short-term receivables		1.733	277
Income tax receivable		4.817	3.208
Prepayments	8	1.401	726
<b>Receivables</b>		<u><b>66.082</b></u>	<u><b>53.000</b></u>
<b>Cash</b>		<u><b>7.228</b></u>	<u><b>11.289</b></u>
<b>Current assets</b>		<u><b>153.808</b></u>	<u><b>130.604</b></u>
<b>Assets</b>		<u><u><b>191.682</b></u></u>	<u><u><b>156.348</b></u></u>

**Balance sheet at 29.02.2016**

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Contributed capital	9	15.000	15.000
Retained earnings		<u>78.252</u>	<u>76.366</u>
<b>Equity</b>		<b><u>93.252</u></b>	<b><u>91.366</u></b>
Provisions for deferred tax	10	830	1.269
Other provisions	11	<u>2.935</u>	<u>4.188</u>
<b>Provisions</b>		<b><u>3.765</u></b>	<b><u>5.457</u></b>
Other credit institutions		23.924	25.145
Other payables		<u>2.231</u>	<u>0</u>
<b>Non-current liabilities other than provisions</b>	12	<b><u>26.155</u></b>	<b><u>25.145</u></b>
Current portion of long-term liabilities other than provisions	12	1.236	1.204
Bank loans		15.344	0
Trade payables		17.051	10.699
Debt to group enterprises		17.716	72
Other payables	13	<u>17.163</u>	<u>22.405</u>
<b>Current liabilities other than provisions</b>		<b><u>68.510</u></b>	<b><u>34.380</u></b>
<b>Liabilities other than provisions</b>		<b><u>94.665</u></b>	<b><u>59.525</u></b>
<b>Equity and liabilities</b>		<b><u><u>191.682</u></u></b>	<b><u><u>156.348</u></u></b>
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with control	18		
Consolidation	19		

**Statement of changes in equity for 2015/16**

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	15.000	76.366	91.366
Exchange rate adjustments	0	57	57
Value adjustments	0	514	514
Tax of equity postings	0	(121)	(121)
Profit/loss for the year	0	1.436	1.436
<b>Equity end of year</b>	<b>15.000</b>	<b>78.252</b>	<b>93.252</b>

## Cash flow statement 2015/16

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Operating profit/loss		9.675	16.363
Amortisation, depreciation and impairment losses		5.748	5.984
Other provisions		(1.253)	(1.455)
Working capital changes	14	<u>(19.274)</u>	<u>1.648</u>
<b>Cash flow from ordinary operating activities</b>		<b>(5.104)</b>	<b>22.540</b>
Financial income received		1.078	979
Financial income paid		(2.856)	(3.357)
Income taxes refunded/(paid)		<u>(4.039)</u>	<u>(14.827)</u>
<b>Cash flows from operating activities</b>		<b><u>(10.921)</u></b>	<b><u>5.335</u></b>
Acquisition etc of intangible assets		(2.644)	(365)
Acquisition etc of property, plant and equipment		(2.027)	(2.838)
Sale of property, plant and equipment		233	392
Acquisition of fixed asset investments		(19.907)	0
Sale of fixed asset investments		<u>0</u>	<u>85</u>
<b>Cash flows from investing activities</b>		<b><u>(24.345)</u></b>	<b><u>(2.726)</u></b>
Loans raised		2.231	0
Instalments on loans etc		(1.189)	(1.419)
Incurrence of debt to group enterprises		<u>14.819</u>	<u>0</u>
<b>Cash flows from financing activities</b>		<b><u>15.861</u></b>	<b><u>(1.419)</u></b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(19.405)</b>	<b>1.190</b>
Cash and cash equivalents beginning of year		<u>11.289</u>	<u>10.099</u>
<b>Cash and cash equivalents end of year</b>		<b><u><u>(8.116)</u></u></b>	<b><u><u>11.289</u></u></b>
Cash and cash equivalents at year-end are composed of:			
Cash		7.228	11.289
Short-term debt to banks		<u>(15.344)</u>	<u>0</u>
<b>Cash and cash equivalents end of year</b>		<b><u>(8.116)</u></b>	<b><u>11.289</u></b>

## Notes

	<b>2015/16</b> <b>DKK'000</b>	<b>2014/15</b> <b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	60.751	71.215
Pension costs	4.505	5.452
Other social security costs	1.568	1.868
	<b>66.824</b>	<b>78.535</b>
Average number of employees	<b>147</b>	<b>186</b>
	<b>Remune- ration of manage- ment 2015/16</b> <b>DKK'000</b>	<b>Remune- ration of manage- ment 2014/15</b> <b>DKK'000</b>
Executive Board	3.783	0
Board of Directors	450	0
Total amount for management categories	0	2.251
	<b>4.233</b>	<b>2.251</b>
	<b>2015/16</b> <b>DKK'000</b>	<b>2014/15</b> <b>DKK'000</b>
<b>2. Other financial income</b>		
Financial income arising from group enterprises	630	577
Other financial income	448	402
	<b>1.078</b>	<b>979</b>
	<b>2015/16</b> <b>DKK'000</b>	<b>2014/15</b> <b>DKK'000</b>
<b>3. Other financial expenses</b>		
Financial expenses from group enterprises	298	329
Other financial expenses	2.558	3.028
	<b>2.856</b>	<b>3.357</b>

## Notes

	<b>2015/16</b>	<b>2014/15</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>4. Tax on ordinary profit/loss for the year</b>		
Current tax	2.250	3.836
Change in deferred tax for the year	(439)	(446)
Adjustment relating to previous years	59	(8)
	<b>1.870</b>	<b>3.382</b>
	<b>Completed</b>	
	<b>develop-</b>	
	<b>ment pro-</b>	
	<b>jects</b>	<b>Goodwill</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>5. Intangible assets</b>		
Cost beginning of year	14.932	150
Additions	144	2.500
<b>Cost end of year</b>	<b>15.076</b>	<b>2.650</b>
Amortisation and impairment losses beginning of year	(11.122)	(150)
Amortisation for the year	(1.523)	(167)
<b>Amortisation and impairment losses end of year</b>	<b>(12.645)</b>	<b>(317)</b>
<b>Carrying amount end of year</b>	<b>2.431</b>	<b>2.333</b>



## Notes

	<b>Land and buildings DKK'000</b>	<b>Plant and machinery DKK'000</b>	<b>Other fix- tures and fittings, tools and equipment DKK'000</b>	<b>Leasehold improve- ments DKK'000</b>
<b>6. Property, plant and equipment</b>				
Cost beginning of year	38.878	39.507	25.430	83
Additions	0	554	1.473	0
Disposals	0	0	(1.129)	0
<b>Cost end of year</b>	<b>38.878</b>	<b>40.061</b>	<b>25.774</b>	<b>83</b>
Depreciation and impairment losses beginning of the year	(25.985)	(32.914)	(23.062)	(27)
Depreciation for the year	(1.153)	(1.833)	(1.202)	(13)
Reversal regarding disposals	0	0	1.039	0
<b>Depreciation and impairment losses end of the year</b>	<b>(27.138)</b>	<b>(34.747)</b>	<b>(23.225)</b>	<b>(40)</b>
<b>Carrying amount end of year</b>	<b>11.740</b>	<b>5.314</b>	<b>2.549</b>	<b>43</b>

## Notes

	<b>Investments in group enterprises DKK'000</b>	<b>Other receivables DKK'000</b>
<b>7. Fixed asset investments</b>		
Cost beginning of year	7.781	24
Additions	19.907	0
<b>Cost end of year</b>	<b>27.688</b>	<b>24</b>
Impairment losses beginning of year	(7.781)	0
Exchange rate adjustments	59	0
Amortisation of goodwill	(137)	0
Share of profit/loss after tax	(6.496)	0
Adjustment of intra-group profits	2.042	0
Other adjustments	(1.935)	0
<b>Impairment losses end of year</b>	<b>(14.248)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>13.440</b>	<b>24</b>

	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
Subsidiaries:			
Alfred Thomsen GmbH	Tyskland	GmbH	100,00
Epoke Maschinenbau GmbH & Co. KG	Tyskland	GmbH	100,00
Epoke Sp. z.o.o.	Polen	z.o.o.	100,00
Brodd Sweden AB	Sverige	AB	100,00
Brodd Polonia Sp. z o.o.	Polen	Sp z o.o.	100,00

## 8. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

	<b>Number</b>	<b>Par value DKK</b>	<b>Nominal value DKK'000</b>
<b>9. Contributed capital</b>			
Ordinary shares	1.500	10.000,00	15.000
	<b>1.500</b>		<b>15.000</b>

## Notes

	<b>2015/16</b> <b>DKK'000</b>	<b>2014/15</b> <b>DKK'000</b>
<b>10. Deferred tax</b>		
Intangible assets	576	839
Property, plant and equipment	(696)	(603)
Inventories	1.014	1.125
Receivables	166	149
Provisions	(230)	(241)
	<b>830</b>	<b>1.269</b>

## 11. Other provisions

Other provisions comprise service and warranty commitments.

	<b>Instalments within 12 months 2014/15 DKK'000</b>	<b>Instalments within 12 months 2015/16 DKK'000</b>	<b>Instalments beyond 12 months 2015/16 DKK'000</b>	<b>Outstanding after 5 years 2015/16 DKK'000</b>
<b>12. Long-term liabilities other than provisions</b>				
Other credit institutions	1.204	1.236	23.924	8.964
Other payables	0	0	2.231	0
	<b>1.204</b>	<b>1.236</b>	<b>26.155</b>	<b>8.964</b>

	<b>2015/16</b> <b>DKK'000</b>	<b>2014/15</b> <b>DKK'000</b>
<b>13. Other short-term payables</b>		
VAT and duties	1.534	2.623
Wages and salaries, personal income taxes, social security costs, etc. payable	5.185	5.719
Holiday pay obligation	3.562	3.808
Other costs payable	6.882	10.255
	<b>17.163</b>	<b>22.405</b>

	<b>2015/16</b> <b>DKK'000</b>	<b>2014/15</b> <b>DKK'000</b>
<b>14. Change in working capital</b>		
Increase/decrease in inventories	(14.183)	3.182
Increase/decrease in receivables	(9.538)	4.519
Increase/decrease in trade payables etc	4.447	(6.053)
	<b>(19.274)</b>	<b>1.648</b>

## Notes

	<b>2015/16</b>	<b>2014/15</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
<b>15. Unrecognised rental and lease commitments</b>		
Commitments under rental agreements or leases until expiry	<b><u>2.623</u></b>	<b><u>2.516</u></b>

## 16. Contingent liabilities

Interest rate swaps have been entered into in order to hedge the interest risk involved in bank loans until maturity:

	<b>2014/15</b>	<b>2014/15</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
2018, nominal amount	12.331	13.215
2024, nominal amount	<u>2.524</u>	<u>2.774</u>
	<b><u>14.855</u></b>	<b><u>15.989</u></b>

The Company participates in a Danish joint taxation arrangement in which Epoke Investment II A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

A total guarantee of DKK 1,300,000 has been provided as security for subsidiaries' balances with their bank.

In addition, the Entity has issued a letter of support to Epoke Maschinenbau GmbH & Co. KG.

## 17. Assets charged and collateral

Other bank loans are secured on real property. The mortgage also comprises the plant and machinery deemed part of the property.

The carrying amount of the mortgaged property is DKK 11,740, and the carrying amount of mortgaged plants is DKK 7,863k.

The Company has provided payment guarantees for DKK 3,266k nominal.

## Notes

### **18. Related parties with control**

Epoke Investment II A/S, Gentofte, Denmark holds all shares in Epoke Investment A/S, Gentofte, Denmark and so it controls the company

Erhvervsinvest II K/S, Gentofte, Denmark holds most of the shares held in Epoke Investment II A/S, Gentofte, Denmark and so it controls the company.

### **19. Consolidation**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Epoke Investment II A/S, Gentofte, Denmark