

Amada Denmark A/S
Central Business Registration No
14227547
Erhvervsbyvej 4
8700 Horsens

Annual report 01.01.2016-31.03.2016

The Annual General Meeting adopted the annual report on 08.07.2016

Chairman of the General Meeting

Name: Alan Michael Parrott

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Entity details

Entity

Amada Denmark A/S
Erhvervsbyvej 4
8700 Horsens

Central Business Registration No: 14227547

Registered in: Horsens

Financial year: 01.01.2016 - 31.03.2016

Board of Directors

Eiichi Yagi, Chairman
Graham George Stainforth
Alan Michael Parrott

Executive Board

Alan Michael Parrott

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Amada Denmark A/S for the financial year 01.01.2016 - 31.03.2016.

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 31.03.2016 and of the results of its operations for the financial year 01.01.2016 - 31.03.2016.

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.

Horsens, 04.07.2016

Executive Board

Alan Michael Parrott

Board of Directors

Eiichi Yagi
Chairman

Graham George Stainforth

Alan Michael Parrott

Independent auditor's reports

To the owners of Amada Denmark A/S

Report on extended review of the financial statements

We have performed an extended review of the financial statements of Amada Denmark A/S for the financial year 01.01.2016 - 31.03.2016. The financial statements, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity Amada Denmark A/S and notes, 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. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and the ethical rules of FSR – Danish Auditors and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

The extended review has not resulted in any qualification.

Opinion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2016 and of the results of its operations for the financial year 01.01.2016 - 31.03.2016 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 extended review 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.

Kolding, 04.07.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Ole S. Larsen
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

The primary activities of the company are sale and service of machinery for processes without chip removal.

Development in activities and finances

The result for the period shows a loss of DKK 572k against a loss last year of DKK 353k. The result for the year is not satisfactory.

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 B enterprises.

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

The comparative figures comprise the period 1 January – 31 December 2015.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income, cost of raw materials and consumables and external expenses.

Accounting policies

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

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.

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.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

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.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies 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.

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.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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 assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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:

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

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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

Accounting policies

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 work in progress consists of costs of raw materials, consumables and direct labour costs.

Financing costs are not included in cost.

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 non-recourse guarantee commitments.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Accounting policies

Finance lease commitments

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. Finance leases concern only contracts signed before 2012.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease. Operating leases concern only contracts signed in 2012 and later.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Income statement for 01.01.2016-31.03.2016

	<u>Notes</u>	<u>01.01.2016- 31.03.2016 DKK</u>	<u>2015 DKK</u>
Gross profit		2.936.695	14.212.814
Staff costs	1	(3.383.596)	(13.319.528)
Depreciation, amortisation and impairment losses		(280.245)	(1.396.328)
Other operating expenses		<u>0</u>	<u>(2.200)</u>
Operating profit/loss		(727.146)	(505.242)
Other financial income		14.557	71.483
Other financial expenses	2	<u>(21.201)</u>	<u>(141.013)</u>
Profit/loss from ordinary activities before tax		(733.790)	(574.772)
Tax on profit/loss from ordinary activities		<u>161.883</u>	<u>221.414</u>
Profit/loss for the year		<u>(571.907)</u>	<u>(353.358)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(571.907)</u>	<u>(353.358)</u>
		<u>(571.907)</u>	<u>(353.358)</u>

Balance sheet at 31.03.2016

	<u>Notes</u>	<u>01.01.2016- 31.03.2016 DKK</u>	<u>2015 DKK</u>
Goodwill		8.141.695	8.309.772
Intangible assets		8.141.695	8.309.772
Other fixtures and fittings, tools and equipment		1.157.686	1.299.802
Leasehold improvements		254.694	265.912
Property, plant and equipment		1.412.380	1.565.714
Receivables from group enterprises		0	213.655
Other receivables		936.273	919.009
Fixed asset investments		936.273	1.132.664
Fixed assets		10.490.348	11.008.150
Work in progress		1.530.449	630.798
Manufactured goods and goods for resale		7.787.810	3.810.036
Inventories		9.318.259	4.440.834
Trade receivables		11.405.227	7.953.199
Other short-term receivables		23.491	115.049
Income tax receivable		380.000	380.000
Prepayments		424.041	107.484
Receivables		12.232.759	8.555.732
Cash		12.121.030	15.888.268
Current assets		33.672.048	28.884.834
Assets		44.162.396	39.892.984

Balance sheet at 31.03.2016

	<u>Notes</u>	<u>01.01.2016- 31.03.2016 DKK</u>	<u>2015 DKK</u>
Contributed capital		1.875.000	1.875.000
Retained earnings		13.104.852	13.676.759
Equity		14.979.852	15.551.759
Provisions for deferred tax		1.137.178	1.299.061
Other provisions		336.500	406.772
Provisions		1.473.678	1.705.833
Finance lease liabilities		525.852	561.813
Non-current liabilities other than provisions	3	525.852	561.813
Current portion of long-term liabilities other than provisions	3	325.235	332.477
Bank loans		80.613	115.628
Prepayments received from customers		2.470.803	1.507.943
Trade payables		1.799.835	1.630.856
Debt to group enterprises		18.131.125	13.128.457
Other payables		4.352.489	5.331.689
Deferred income		22.914	26.529
Current liabilities other than provisions		27.183.014	22.073.579
Liabilities other than provisions		27.708.866	22.635.392
Equity and liabilities		44.162.396	39.892.984
Unrecognised rental and lease commitments	4		
Contingent liabilities	5		
Assets charged and collateral	6		
Ownership	7		

Statement of changes in equity for 01.01.2016-31.03.2016

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	1.875.000	13.676.759	15.551.759
Profit/loss for the year	0	(571.907)	(571.907)
Equity end of year	1.875.000	13.104.852	14.979.852

Notes

	01.01.2016- 31.03.2016 DKK	2015 DKK
1. Staff costs		
Wages and salaries	3.086.040	12.165.782
Pension costs	227.750	841.319
Other social security costs	61.598	248.022
Other staff costs	8.208	64.405
	3.383.596	13.319.528

	01.01.2016- 31.03.2016 DKK	2015 DKK
2. Other financial expenses		
Financial expenses from group enterprises	6.421	24.276
Interest expenses	8.428	47.125
Exchange rate adjustments	0	48.418
Other financial expenses	6.352	21.194
	21.201	141.013

	Instalments within 12 months 2015 DKK	Instalments within 12 months 01.01.2016- 31.03.2016 DKK	Instalments beyond 12 months 01.01.2016- 31.03.2016 DKK
3. Long-term liabilities other than provisions			
Finance lease liabilities	332.477	325.235	525.852
	332.477	325.235	525.852

	01.01.2016- 31.03.2016 DKK	2015 DKK
4. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	1.900.605	1.548.099

5. Contingent liabilities

The Company has an irrevocable house lease for at least 90 months and with a 6 months' notice at a value of DKK 144k a month, and a house lease with a 3 months' notice at DKK 18k a month.

Notes

6. Assets charged and collateral

Other fixtures, etc have been financed by means of finance leases. The carrying amount of assets held under finance leases amounts to DKK 926k.

7. Ownership

The Company has registered the following shareholders to hold more than 5% of the voting capital or of the nominal value of the share capital:

Amada SA
96, Avenue de la Pyramide
93290 Tremblay, France