

Brüel & Kjær Vibro A/S  
Skodsborgvej 307 B  
2850 Nærum

Telephone +45 77 41 25 00  
www.bkvibro.com

**Brüel & Kjær Vibro A/S**

**Annual report 2015**

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

on 21/12/2015 20 15

[Signature]  
chairman

CVR no. 15 38 05 94

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## **Statement by the Board of Directors and the Executive Board**

The Board of Directors and the Executive Board have today discussed and approved the annual report of Brüel & Kjær Vibro A/S for the financial year 1 January – 31 December 2015.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015.

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

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

Nærum, 31 May 2016

Executive Board:

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Torben Filip Ekvall

Board of Directors:



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Joanna Christine Hallas  
Chairman

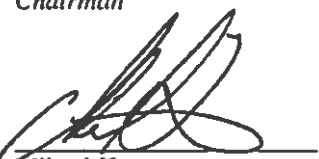


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Clive Graeme Watton


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Torben Filip Ekvall



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Mikael Hougs  
Employee representative



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Jørgen Ellekjær  
Employee representative



## Independent auditor's report

To the shareholder of Brüel & Kjær Vibro A/S

### Independent auditor's report on the financial statements

We have audited the financial statements of Brüel & Kjær Vibro A/S for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet 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 that 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 as to 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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 evaluating 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 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 assets, liabilities and financial position at 31 December 2015 and of the results of the Company's activities for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

#### Statement on the Management's review

In accordance with the Danish Financial Statements Act, we have read the Management's review. 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's review is consistent with the financial statements.

Copenhagen, 31 May 2016

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

David Olafsson  
State Authorised  
Public Accountant

Kenn W. Hansen  
State Authorised  
Public Accountant

## **Management's review**

### **Company details**

Brüel & Kjær Vibro A/S  
Skodsborgvej 307 B  
2850 Nærum

Telephone: +45 77 41 25 00  
Fax: +45 45 80 29 37  
Website: [www.bkvibro.com](http://www.bkvibro.com)

CVR no.: 15 38 05 94  
Established: 19 August 1991  
Registered office: Rudersdal  
Financial year: 1 January – 31 December

### **Board of Directors**

Torben Filip Ekvall

### **Executive Board**

Joanna Christine Hallas (chairman)  
Clive Graeme Watson  
Torben Filip Ekvall  
Mikael Hougs (employee representative)  
Jørgen Ellekjær (employee representative)

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø  
Denmark

### **Annual general meeting**

The annual general meeting will be held on 31 May 2016.

## Management's review

### Financial highlights

DKK'000	2015	2014	2013	2012	2011
<b>Key figures</b>					
Gross profit	37,011	28,337	38,383	43,102	49,599
Profit before financial items	4,570	2,914	2,701	2,711	5,768
Profit/loss from financial income and expenses	-236	-59	-185	-103	59
Profit for the year	3,279	2,119	1,661	1,859	3,941
<b>Total assets</b>					
Total assets	51,704	46,714	53,157	49,832	46,312
Investment in property, plant and equipment	1,355	564	176	976	309
<b>Equity</b>					
Equity	41,428	38,149	36,030	34,369	32,510
<b>Financial ratios</b>					
Return on assets	9.3%	5.8%	5.4%	5.7%	9.4%
Solvency rate	79.7%	81.7%	67.8%	68.9%	70.2%
Return on equity	8.3%	5.7%	4.7%	5.5%	13.0%
<b>Other figures</b>					
Average number of full-time employees	43	42	45	52	55

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

## **Management's review**

### **Operating review**

#### **Principal activities of the Company**

Brüel & Kjær Vibro A/S provides services to the Brüel & Kjær Vibro Group in support of the Group's advanced condition monitoring solutions for the energy sector, in particular focusing on wind energy. The Brüel & Kjær Vibro Group is a leading provider of condition monitoring equipment and services for rotating machinery. The Group's advanced solutions ensure safe operation of rotating machines, enable early fault detection and diagnosis and help end-users reduce downtime and operating costs. The Group's client base is mostly concentrated in the energy sector and includes wind turbine manufacturers, power plant operators (fossil, nuclear, wind and hydro), petrochemical facilities, offshore platforms, etc. The Group has a strong position as a supplier to these sectors.

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

2015 was characterised by further consolidation and focus on core activities related to remote vibration monitoring of wind turbines. While the overall activity level remained broadly consistent with the previous year, underlying business in the core segment developed favourably, both in the existing client base as well as through new customer acquisitions. Compared to the previous year, the financial results benefitted from the absence of non-recurring costs resulting in increased operating and net profit.

Overall, performance in 2015 developed in line with Management's expectation. The net profit of DKK 3,279 thousand is considered to be satisfactory.

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

No material events have occurred after the balance sheet date that may affect the presentation of the financial statements for 2015.

#### **Outlook**

Management expects the activity level and financial results for 2016 to be at same level as in 2015.

#### **Special risks**

The Company's most prominent risk is associated with sustaining and reinforcing its leadership position and competitiveness, including the ability to attract and retain highly qualified employees with specialist competences within vibration monitoring of wind turbines.

## **Management's review**

### **Operating review**

#### **Currency risks**

The main part of the Company's revenue is entered into and settled in EUR, for which no significant risk is estimated. Purchase and sales in other currencies than DKK and EUR are continuously estimated for currency hedging.

#### **Human resources**

Over the years, the Company has accumulated substantial knowledge of vibration monitoring of wind turbines.

#### **Environment**

Brüel & Kjær Vibro A/S systematically works on safety and protection of the environment and aims at improving the Company's performance in this area on an ongoing basis.

Environmental impacts and identified risks are evaluated by Management and the necessary preventive measures are implemented.

#### **Research and development activities**

To sustain and reinforce its leading position within its core segment, the Company continuously invests significant capital in the development of innovative and value adding products and services. In 2015, these activities included sponsoring an industrial PhD programme in cooperation with the Technical University of Denmark (DTU) related to innovative methods for monitoring, diagnosing and predicting mechanical faults in wind turbines.



## **Financial statements 1 January – 31 December**

### **Accounting policies**

The annual report of Brüel & Kjær Vibro A/S for 2015 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

In accordance with section 32 of the Danish Financial Statement Act, the Company has decided not to disclose revenue.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

### **Recognition and measurement**

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

### **Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

## **Financial statements 1 January – 31 December**

### **Accounting policies**

#### **Income statement**

##### **Revenue**

Income consist of administration fee for services delivered for the affiliated company, Brüel & Kjær Vibro GmbH.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and taxes charged. All discounts granted are deducted from revenue.

##### **Other external expenses**

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

##### **Staff costs**

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

##### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and interest expense, realised and unrealised gains and losses on transactions in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

##### **Tax on profit for the year**

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

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

## **Financial statements 1 January – 31 December**

### **Accounting policies**

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit for the year is recognised in the income statement at the amount attributable to the profit for the year and directly in equity at the amount attributable to entries directly in equity.

### **Balance sheet**

#### **Intangible assets**

On initial recognition, intangible assets are measured at cost. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The amortisable amount, which is calculated as cost less any residual values after the end of the useful life, is amortised on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Software 3 years

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

#### **Property, plant and equipment**

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The depreciable amount, which is calculated as cost less any residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment 3-5 years

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

## **Financial statements 1 January – 31 December**

### **Accounting policies**

#### **Impairment of non-current assets**

The carrying amount of intangible assets and fixtures and fittings, tools and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

#### **Receivables**

Receivables are measured at amortised cost, which corresponds to the nominal value. The value is reduced by write-down for bad debts.

#### **Prepayments**

Prepayments comprise prepayments of costs relating to subsequent financial years.

#### **Equity**

##### ***Dividends***

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

#### **Corporation tax and deferred tax**

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability.

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

## Financial statements 1 January – 31 December

### Accounting policies

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

### Liabilities other than provisions

Other liabilities are measured at net realisable value.

### Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on assets	$\frac{\text{Result before financial items} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2015	2014
<b>Gross profit</b>		37,011	28,337
Staff costs	1	-31,902	-24,566
Depreciation on intangible assets and property, plant and equipment	5	-539	-857
<b>Profit before financial income and expenses</b>		4,570	2,914
Financial income	2	50	19
Financial expenses	3	-286	-78
<b>Profit before tax</b>		4,334	2,855
Tax on profit for the year	4	-1,055	-736
<b>Profit for the year</b>		<u>3,279</u>	<u>2,119</u>
 <b>Proposed profit appropriation</b>			
Retained earnings		<u>3,279</u>	<u>2,119</u>
		<u>3,279</u>	<u>2,119</u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2015	2014
<b>ASSETS</b>			
<b>Non-current assets</b>	5		
<b>Intangible assets</b>			
Software		0	16
		<u>0</u>	<u>16</u>
<b>Property, plant and equipment</b>	5		
Fixtures and fittings, tools and equipment		1,355	612
		<u>1,355</u>	<u>612</u>
<b>Total non-current assets</b>		<u>1,355</u>	<u>628</u>
<b>Current assets</b>			
<b>Receivables</b>			
Receivables from group entities		48,551	44,389
Deferred tax asset	6	244	330
Other receivables		1,350	1,222
Prepayments		190	122
		<u>50,335</u>	<u>46,063</u>
<b>Cash at bank in and in hand</b>		14	23
<b>Total current assets</b>		<u>50,349</u>	<u>46,086</u>
<b>TOTAL ASSETS</b>		<u>51,704</u>	<u>46,714</u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2015	2014
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	7		
Share capital		1,000	1,000
Retained earnings		40,428	37,149
<b>Total equity</b>		<u>41,428</u>	<u>38,149</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Payables to credit institutions		196	147
Trade payables		2,281	896
Payables to group entities		381	539
Joint taxation contribution		949	1,413
Other payables	8	6,469	5,570
		<u>10,276</u>	<u>8,565</u>
<b>Total liabilities other than provisions</b>		<u>10,276</u>	<u>8,565</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>51,704</u>	<u>46,714</u>
<b>Contractual obligations, contingencies, etc.</b>	9		
<b>Related party disclosures</b>	10		



## Financial statements 1 January – 31 December

### Notes

	DKK'000	2015	2014
<b>1 Staff costs</b>			
Wages and salaries		29,838	22,659
Pensions		1,495	1,634
Social security costs		342	174
Other staff costs		227	99
		<u>31,902</u>	<u>24,566</u>
Average number of employees		<u>43</u>	<u>42</u>
The Board of Directors has not received remuneration in 2015 or 2014. With reference to section 98b, 3 of the Danish Financial Statements Act, remuneration of Management is not disclosed.			
	DKK'000	2015	2014
<b>2 Financial income</b>			
Interest income from group entities		0	19
Other financial income		50	0
		<u>50</u>	<u>19</u>
<b>3 Financial expenses</b>			
Interest expense to group entities		6	66
Exchange rate losses		270	12
Other financial expenses		10	0
		<u>286</u>	<u>78</u>
<b>4 Tax on profit for the year</b>			
Actual tax on profit		-949	-734
Adjustment of deferred tax		-86	23
Prior years adjustment		-20	-25
		<u>-1,055</u>	<u>-736</u>

## Financial statements 1 January – 31 December

### Notes

#### 5 Non-current assets

DKK'000	Software	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2015	1,280	9,362	10,642
Additions	0	1,266	1,266
Disposals	-1,166	-4,066	-5,232
Cost at 31 December 2015	114	6,562	6,676
Depreciation and impairment losses at 1 January 2015	-1,264	-8,750	-10,014
Depreciations for the year	-16	-523	-539
Disposals	1,166	4,066	5,232
Depreciation and impairment losses at 31 December 2015	-114	-5,207	-5,321
<b>Carrying amount at 31 December 2015</b>	<b>0</b>	<b>1,355</b>	<b>1,355</b>

#### 6 Deferred tax asset

Deferred tax assets relate to excess tax value on non-current assets.

#### 7 Equity

DKK'000	Share capital	Retained earnings	Total
Balance at 1 January 2015	1,000	37,149	38,149
Profit appropriation for the year	0	3,279	3,279
<b>Balance at 31 December 2015</b>	<b>1,000</b>	<b>40,428</b>	<b>41,428</b>

#### Share capital

The share capital consist of 1,000 shares of nom. DKK 1,000 each. All shares rank equally. There has been no changes in the share capital during the past five years.

## Financial statements 1 January – 31 December

### Notes

DKK'000	2015	2014
<b>8 Other payables</b>		
Holiday accrual	4,067	4,193
Other staff-related debt	2,084	899
VAT payable	2	0
Other debt	316	478
	6,469	5,570

### 9 Contractual obligations, contingencies, etc.

#### Contingent liabilities

The Company has a rental commitment for six months at a total amount of DKK 534 thousand (2014: 534 thousand).

The Company is jointly taxed with other Danish subsidiaries in the Spectris Plc. Group. The Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties under the joint taxation scheme. Any subsequent corrections of the taxable jointly taxed income or withholding taxes, etc., may entail an increase in the Company's liability.

### 10 Related party disclosures

#### Ownership

The following shareholder is registered in the Company's register of shareholders as holding a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

Spectris Group Holdings Ltd.  
 Church Road  
 Egham  
 Surrey TW 20 9 QD  
 United Kingdom

Spectris Plc., Church Road, Egham, Surrey TW 20 9 QD, United Kingdom is the ultimate parent company.

The consolidated financial statements hereof can be obtained at request at the company.