

Baier Scandinavia ApS

Registered office: Topstykket 29, 3460 Birkerød

CVR-nummer 16 03 73 89

Annual report 2017/18

Annual report for the financial period: 1. oktober 2017 - 30. september 2018

Approved at the annual general meeting of shareholders on 28 January 2019

Thomas Schwab
As chairman

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Company Information

The Company	Baier Scandinavia ApS Topstykket 29 3460 Birkerød
Executive Board	Ulrik Sørbye Friis
Auditors	Aaen & Co. statsautoriserede revisorer p/s Kongevejen 3 3000 Helsingør
Financial year	1. oktober - 30. september

Management's Review

The Company's business review

The Company's primary activity is to sell Baier power tools in Denmark to established tool dealers within the electricity and plumbing industry.

Significant changes in the company's activities and financial affairs

There has been no significant changes in the activities and financial position during the financial year.

The income statement is changed this year from a set up by type of function to set up by type of expenditure as this seems more appropriate. Comparative figures are adjusted. This has the effect that the gross profit has decreased as a matter of reclassification of costs included in gross profit.

Management's Statement on the Annual Report

The Executive Board has today discussed and approved the Annual Report 2017/2018 of Baier Scandinavia ApS.

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

In our opinion, the Annual Report gives a true and fair view of the Company's financial position at 30 September 2018 and the results of operations for the financial year 1 October 2017 - 30 September 2018 of the Company.

In our opinion, the Management's review includes a fair review of the matters discussed in the Management review.

We recommend that the Annual Report be approved at the annual general meeting.

Birkerød, 7 January 2019

Executive Board

Ulrik Sørbye Friis

Independent Auditors' Report

To the shareholders of Baier Scandinavia ApS:

Opinion

We have audited the Financial Statements of Baier Scandinavia ApS for the financial year 1 October 2017 - 31 September 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2018, and of the results of the Company's operations for the financial year 1 October 2017 - 31 September 2018 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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.

Independent auditors' report

- 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.

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, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Bagsværd, 7 January 2019

Aaen & Co. statsautoriserede revisorer p/s

Bagsværd Hovedgade 141, 2880 Bagsværd - CVR nummer 33 24 17 63



Susanne S. Thorsen
State Authorised Public Accountant
mne10895



Kenn Elmgren
State Authorised Public Accountant
mne26676

Accounting Policies

Basis of accounting

The Annual Report of Baier Scandinavia for 2017/2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied by the company are consistent with those of last year. The income statement is changed this year from a set up by type of function to set up by type of expenditure as this seems more appropriate. Comparative figures are adjusted.

Reporting currency

The financial statements are presented in Danish kroner.

Recognition and measurement

Revenues are recognized in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities. Furthermore, all expenses incurred, including depreciation, amortisation and impairment losses, are recognized in the income statement.

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

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment, are recognized in financial income and expenses in the income statement. If foreign exchange positions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and the rate at the time of origin of the receivable or debt is recognized in financial income and expenses in the income statement.

Income statement

Gross profit

With reference to section 32 of the Danish financial statements act, the items "Revenue", "Direct Costs" and "Other external expenses" are consolidated into one item designated "Gross profit". Direct costs include cost of goods sold incl. freight.

Accounting Policies

Revenue

Income from sales is recognized at the time of delivery. All discounts and rebates granted are recognized in revenue.

Other external expenses

Other external expenses comprise the year's expenses relating to distribution, administration, sale, advertising, premises, bad debts, car and travel expenses, exhibitions etc., IT, premises, insurances, communication and other costs for administration.

Financial income and expenses

Financial income and expenses are recognized in the income statement with the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses concerning debt and transactions in foreign currencies as well as extra payments and repayment under the on-account taxation scheme.

Corporation tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognized in the income statement, whereas the portion that relates to transactions taken to equity is recognized in equity.

Balance sheet

Property, plant and equipment

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

Depreciation is based on cost reduced by any expected residual value after the period of use.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures, fittings, tools and equipment	3-6	Years
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Gains or losses on sale of property, plant and equipment are calculated as the difference between the sales price less sales expenses and the carrying amount at the time of the sale.

Investments

Investments comprise rent deposits, which are measured at cost.

Inventories

Inventories are measured at cost at the lower of FIFO or net realizable value. Obsolete items are written down to net realizable value.

Accounting Policies

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts because of objective evidence that a receivable or a group of receivables are impaired. Write-downs are made to the lower of the net realisable value and the carrying amount.

Prepayments

Prepayments recognized under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash at bank and in hand

Cash at bank and in hand comprise cash and deposits in bank accounts.

Corporation tax and deferred tax

Current tax liabilities and current tax receivable are recognized in the balance sheet as calculated tax on the taxable income for the year adjusted for tax on previous years' taxable income as well as for taxes paid on account.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be either realised, by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Debt

Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Income Statement 1 October - 30 September

Note	2017/2018	2016/2017
Gross profit	4.152.359	4.130.278
1 Staff costs	4.022.442	3.338.029
4 Depreciation of property, plant and equipment	151.900	107.419
Profit from operating activities	-21.983	684.830
Financial income	683	2.726
2 Financial expenses	65.889	45.168
Profit before tax	-87.189	642.388
3 Tax for the year	-7.783	152.336
Profit for the year	-79.406	490.052
Proposed profit appropriation		
Retained earnings	-79.406	490.052
Profit for the year distributed	-79.406	490.052

 Balance sheet 30 September

Assets

Note	2018	2017
Fixtures, fittings, tools and equipment	740.290	532.189
4 Property, plant and equipment	740.290	532.189
Deposits, investments	191.686	187.011
Investments	191.686	187.011
Fixed assets	931.976	719.200
Inventories	5.702.217	5.886.142
Trade receivables	3.561.420	3.725.033
Deferred tax asset	27.260	15.648
Corporation tax, receivables	27.456	0
Other receivables	8.424	10.615
Prepayments	13.053	113.653
Receivables	3.637.613	3.864.949
Cash at bank and in hand	4.963	14.894
Current assets	9.344.793	9.765.985
Total assets	10.276.769	10.485.185

Balance sheet 30 September

Liabilities

Note	2018	2017
Share capital	290.000	290.000
Retained earnings	6.607.509	6.686.915
5 Equity	6.897.509	6.976.915
Short-term debt to other credit institutions	1.069.402	1.500.117
Trade payables	93.947	118.009
Payables to group entities	433.422	0
3 Corporation tax	0	112.394
Other payables	1.782.489	1.777.750
Current liabilities	3.379.260	3.508.270
Total liabilities	3.379.260	3.508.270
Total liabilities and equity	10.276.769	10.485.185
6 Collaterals		
7 Contingent liabilities		
8 Related parties and ownership		

Notes

	<u>2017/2018</u>	<u>2016/2017</u>
1 Staff costs		
Wages/salaries	3.655.670	3.075.615
Pensions	321.003	229.518
Other social security costs	45.769	32.896
Total staff costs	<u>4.022.442</u>	<u>3.338.029</u>
Average number of employees	<u>6</u>	<u>5</u>
2 Financial expenses		
Interest expenses	65.889	45.168
	<u>65.889</u>	<u>45.168</u>
3 Tax for the year		
Tax on the taxable income for the year	0	129.734
Increase/decrease in provision for deferred tax	-11.612	22.602
Prior years tax	3.829	0
	<u>-7.783</u>	<u>152.336</u>

Notes

4	Fixtures, fittings, tools and equipment		
		Fixtures and fittings, tools and equipment	
	Cost at 1 October	1.135.825	
	Additions in the year	360.001	
	Disposals in the year	0	
	Cost at 30 September	1.495.826	
	Impairment losses and depreciation at 1 October	603.636	
	Amortisation/depreciation in the year	151.900	
	Reversal of amortisation/depreciation and impairment of disposals	0	
	Impairment losses and depreciation at 30 September	755.536	
	Carrying amount at 30 September	740.290	
5	Equity		
		Share capital	Retained earnings
	Equity 1 October	290.000	6.686.915
	Capital increase	0	0
	Profit for the year	0	-79.406
	Equity 30 September	290.000	6.607.509
6	Collaterals		

A company charge of a nominal value of DKK 500,000 on the Company's unsecured claims, inventories and trade receivables has been put up as security for the company's bank overdraft.

Notes

7 Contingent liabilities

The Company has entered rent and lease agreements. In the period of non-terminality, the payments total DKK 665.000 until 31 July 2019.

8 Related parties and ownership

Related parties	Domicile	Basis for control
Maschinenfabrik OTTO BAIER	Heckenwiesen 26 Germany	Parent company
Ulrik Sørbye Friis	Mikkelborg Park 21, 3. th. 2970 Hørsholm	CEO, shareholder

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 10 % of the votes or at least 10 % of the share capital:

Maschinenfabrik OTTO BAIER GmbH	Heckenwiesen 26 D-71679 Asperg Germany
Ulrik Sørbye Friis	Mikkelborg Park 21, 3. th. 2970 Hørsholm