

Industrial Parts Depot (Denmark) ApS
Central Business Registration No
18442892
Ambolten 20
6000 Kolding

Annual report 2015/16

The Annual General Meeting adopted the annual report on 05.12.2016

Chairman of the General Meeting

Name: Tom Grzywacz

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Entity details

Entity

Industrial Parts Depot (Denmark) ApS
Ambolten 20
6000 Kolding

Central Business Registration No: 18442892
Registered in: Kolding, Denmark
Financial year: 01.10.2015 - 30.09.2016

Phone: +4575507666
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Executive Board

Tom Grzywacz

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Industrial Parts Depot (Denmark) ApS for the financial year 01.10.2015 - 30.09.2016.

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 30.09.2016 and of the results of its operations for the financial year 01.10.2015 - 30.09.2016.

We recommend the annual report for adoption at the Annual General Meeting.

Kolding, 05.12.2016

Executive Board

Tom Grzywacz

Independent auditor's reports

To the owners of Industrial Parts Depot (Denmark) ApS

Report on the financial statements

We have audited the financial statements of Industrial Parts Depot (Denmark) ApS for the financial year 01.10.2015 - 30.09.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity 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 30.09.2016 and of the results of its operations for the financial year 01.10.2015 - 30.09.2016 in accordance with the Danish Financial Statements Act.

Kolding, 05.12.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Johnny Normann Krogh
State Authorised Public Accountant

Per Schøtt
State Authorised Public Accountant

CVR-nr. 33963556

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 with addition of certain provisions for reporting class C.

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

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, transactions other than USD are translated applying the exchange rate fixed for a given period. 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.

Income statement

Gross profit or loss

Gross profit or loss is an aggregation of revenue, cost of sales and other external expenses.

Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Accounting policies

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 as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, 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

Property, plant and equipment

Plant and machinery as well as 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.

Accounting policies

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:

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

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

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.

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

Receivables

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

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Accounting policies

Income tax receivable or payable

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.

Income statement for 2015/16

	<u>Notes</u>	<u>2015/16 USD</u>	<u>2014/15 USD</u>
Gross profit		667.574	522.677
Staff costs	1	(253.999)	(391.131)
Depreciation, amortisation and impairment losses	2	<u>(439)</u>	<u>(439)</u>
Operating profit/loss		413.136	131.107
Other financial income		0	32
Other financial expenses		<u>(8.358)</u>	<u>(15.900)</u>
Profit/loss from ordinary activities before tax		404.778	115.239
Tax on profit/loss from ordinary activities	3	<u>(91.077)</u>	<u>(34.001)</u>
Profit/loss for the year		<u>313.701</u>	<u>81.238</u>
Proposed distribution of profit/loss			
Retained earnings		<u>313.701</u>	<u>81.238</u>
		<u>313.701</u>	<u>81.238</u>

Balance sheet at 30.09.2016

	<u>Notes</u>	<u>2015/16 USD</u>	<u>2014/15 USD</u>
Plant and machinery		0	0
Other fixtures and fittings, tools and equipment		0	0
Leasehold improvements		401	840
Property, plant and equipment	4	401	840
Fixed assets		401	840
Manufactured goods and goods for resale		1.250.463	1.200.039
Inventories		1.250.463	1.200.039
Trade receivables		514.706	524.782
Deferred tax assets	5	561	25.961
Other short-term receivables		1.931	5.996
Income tax receivable		7.879	12.838
Prepayments		9.943	6.707
Receivables		535.020	576.284
Cash		314.198	204.954
Current assets		2.099.681	1.981.277
Assets		2.100.082	1.982.117

Balance sheet at 30.09.2016

	<u>Notes</u>	<u>2015/16 USD</u>	<u>2014/15 USD</u>
Contributed capital	6	31.250	31.250
Retained earnings		<u>1.505.385</u>	<u>1.191.684</u>
Equity		<u>1.536.635</u>	<u>1.222.934</u>
Trade payables		27.532	41.589
Debt to group enterprises		348.629	624.591
Income tax payable		61.322	0
Other payables		<u>125.964</u>	<u>93.003</u>
Current liabilities other than provisions		<u>563.447</u>	<u>759.183</u>
Liabilities other than provisions		<u>563.447</u>	<u>759.183</u>
Equity and liabilities		<u><u>2.100.082</u></u>	<u><u>1.982.117</u></u>
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
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Statement of changes in equity for 2015/16

	Contributed capital USD	Retained ear- nings USD	Total USD
Equity beginning of year	31.250	1.191.684	1.222.934
Profit/loss for the year	0	313.701	313.701
Equity end of year	31.250	1.505.385	1.536.635

Notes

	2015/16 USD	2014/15 USD	
1. Staff costs			
Wages and salaries	252.543	389.208	
Other staff costs	1.456	1.923	
	253.999	391.131	
	2015/16 USD	2014/15 USD	
2. Depreciation, amortisation and impairment losses			
Amortisation of intangible assets	439	439	
	439	439	
	2015/16 USD	2014/15 USD	
3. Tax on ordinary profit/loss for the year			
Current tax	64.455	0	
Change in deferred tax for the year	25.400	33.953	
Adjustment relating to previous years	1.222	48	
	91.077	34.001	
	Plant and machinery USD	Other fix- tures and fittings, tools and equipment USD	Leasehold improve- ments USD
4. Property, plant and equipment			
Cost beginning of year	11.500	21.633	38.837
Cost end of year	11.500	21.633	38.837
Depreciation and impairment losses beginning of the year	(11.500)	(21.633)	(37.997)
Depreciation for the year	0	0	(439)
Depreciation and impairment losses end of the year	(11.500)	(21.633)	(38.436)
Carrying amount end of year	0	0	401

Notes

	2015/16 USD	2014/15 USD
5. Deferred tax		
Property, plant and equipment	561	803
Tax losses carried forward	0	25.158
	561	25.961

	Number	Par value USD	Nominal value USD
6. Contributed capital			
Ordinary shares	200	156,25	31.250
	200		31.250

	2015/16 USD	2014/15 USD
7. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	26.294	32.168

	2015/16 USD	2014/15 USD
8. Contingent liabilities		
Recourse and non-recourse guarantee commitments	26.561	25.956
Contingent liabilities	26.561	25.956

9. Consolidation

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

Storm Industries, Inc., 23223 S. Normandie Avenue, Torrance, CA 90501, USA

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

Industrial Parts Depot, LLC, 23231 S. Normandie Avenue, Torrance, CA 90501, USA

10. Main activity

The Company's primary activity consists in the sale of spare parts for diesel engines. The spare parts are produced by the Parent, Industrial Parts Depot LLC, USA.