

Gram & Juhl A/S

Søndergård Allé 14, 6500 Vojens

CVR no. 19 86 32 71



Annual report 2016/17

Approved at the annual general meeting of shareholders on

27.9.2017

Chairman:



Building a better
working world

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Management commentary	6
Financial statements 1 July 2016 - 30 June 2017	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes to the financial statements	11

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Gram & Juhl A/S for the financial year 1 July 2016 - 30 June 2017.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2017 and of the results of the Company's operations for the financial year 1 July 2016 - 30 June 2017.

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 be approved at the annual general meeting.

Haderslev, 27 September 2017
Executive Board:



Axel Juhl Christensen

Board of Directors:



Klaus Gram-Hansen
Chairman



Axel Juhl Christensen



Annette Møller Jensen



Lise Gram-Hansen

Independent auditor's report

To the shareholders of Gram & Juhl A/S

Opinion

We have audited the financial statements of Gram & Juhl A/S for the financial year 1 July 2016 - 30 June 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2017 and of the results of the Company's operations for the financial year 1 July 2016 - 30 June 2017 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 rules and 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 the financial statements.

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

Independent auditor's report

- ▶ 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 conclusion is 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Haderslev, 27 September 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Lars Mortensen

State Authorised Public Accountant

Management's review

Company details

Name	Gram & Juhl A/S
Address, Postal code, City	Søndergård Allé 14, 6500 Vejens
CVR no.	19 86 32 71
Established	1 January 1997
Registered office	Haderslev
Financial year	1 July 2016 - 30 June 2017
Website	www.gramjuhl.com
Telephone	+45 70 20 21 69
Telefax	+45 73 53 15 65
Board of Directors	Klaus Gram-Hansen, Chairman Axel Juhl Christensen Annette Møller Jensen Lise Gram-Hansen
Executive Board	Axel Juhl Christensen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Norgesvej 24 B, 6100 Haderslev, Denmark

Management's review

Management commentary

Business review

The Company is engaged in the engineering business and develops and manufactures measuring equipment.

Financial review

The income statement for 2016/17 shows a profit of DKK 18,527,915 against DKK 21,149,346 last year, and the balance sheet at 30 June 2017 shows equity of DKK 40,439,233.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 July 2016 - 30 June 2017

Income statement

Note	DKK	2016/17	2015/16
	Gross margin	38,278,129	39,597,112
2	Staff costs	-13,788,658	-11,818,618
	Depreciation of property, plant and equipment	-491,192	-377,613
	Profit before net financials	23,998,279	27,400,881
	Financial income	0	629
	Financial expenses	-226,694	-254,703
	Profit before tax	23,771,585	27,146,807
3	Tax for the year	-5,243,670	-5,997,461
	Profit for the year	18,527,915	21,149,346
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	17,000,000	18,000,000
	Retained earnings	1,527,915	3,149,346
		18,527,915	21,149,346

Financial statements 1 July 2016 - 30 June 2017

Balance sheet

Note	DKK	2016/17	2015/16
	ASSETS		
	Fixed assets		
4	Property, plant and equipment		
	Land and buildings	10,559,839	10,822,511
	Other fixtures and fittings, tools and equipment	416,714	497,764
		<u>10,976,553</u>	<u>11,320,275</u>
5	Investments		
	Investments in group entities	3,286,668	2,099,885
		<u>3,286,668</u>	<u>2,099,885</u>
	Total fixed assets	<u>14,263,221</u>	<u>13,420,160</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	1,884,543	2,239,003
	Finished goods and goods for resale	4,039,160	2,172,355
		<u>5,923,703</u>	<u>4,411,358</u>
	Receivables		
	Trade receivables	13,128,072	14,305,042
	Receivables from group entities	2,722,676	4,441,830
	Prepayments	137,260	108,697
		<u>15,988,008</u>	<u>18,855,569</u>
	Cash	<u>19,415,606</u>	<u>21,097,547</u>
	Total non-fixed assets	<u>41,327,317</u>	<u>44,364,474</u>
	TOTAL ASSETS	<u>55,590,538</u>	<u>57,784,634</u>

Financial statements 1 July 2016 - 30 June 2017

Balance sheet

Note	DKK	2016/17	2015/16
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	500,000	500,000
	Retained earnings	22,939,233	21,294,745
	Dividend proposed for the year	17,000,000	18,000,000
	Total equity	40,439,233	39,794,745
	Provisions		
	Deferred tax	179,600	245,200
	Total provisions	179,600	245,200
	Liabilities		
6	Non-current liabilities other than provisions		
	Mortgage debt	4,169,622	4,522,875
		4,169,622	4,522,875
	Current liabilities		
6	Current portion of long-term liabilities	356,892	354,304
	Trade payables	2,278,434	4,712,580
	Payables to group entities	109,242	0
	Payables to associates	177,179	346,186
	Income taxes payable	4,252,616	4,908,062
	Other payables	2,793,635	2,900,682
	Deferred income	834,085	0
		10,802,083	13,221,814
	Total liabilities other than provisions	14,971,705	17,744,689
	TOTAL EQUITY AND LIABILITIES	55,590,538	57,784,634

- 1 Accounting policies
- 7 Collateral
- 8 Related parties

Financial statements 1 July 2016 - 30 June 2017

Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 July 2016	500,000	21,294,745	18,000,000	39,794,745
Transfer through appropriation of profit	0	1,527,915	17,000,000	18,527,915
Other value adjustments of equity	0	149,453	0	149,453
Tax on items recognised directly in equity	0	-32,880	0	-32,880
Dividend distributed	0	0	-18,000,000	-18,000,000
Equity at 30 June 2017	500,000	22,939,233	17,000,000	40,439,233

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies

The annual report of Gram & Juhl A/S for 2016/17 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Changes to presentation and disclosures only

Effective 1 July 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

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

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

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Income statement

Revenue

Income from the sale of goods, finished goods and rendering of services is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies (continued)

Gross margin

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-10 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

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 recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Financial statements 1 July 2016 - 30 June 2017**Notes to the financial statements****1 Accounting policies (continued)****Balance sheet****Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Gains or losses on the sale of subsidiaries are recognised in the income statement under 'Other operating income/expenses' at the time of sale and are made up as the difference between the selling price less costs to sell and the carrying amount at the time of sale.

Impairment of fixed assets

Every year, property, plant and equipment as well as investments in subsidiaries are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash balances and bank balances.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, 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 recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

DKK	2016/17	2015/16
2 Staff costs		
Wages/salaries	13,062,847	11,055,881
Pensions	590,512	591,465
Other social security costs	135,299	171,272
	<u>13,788,658</u>	<u>11,818,618</u>
 Average number of full-time employees	 21	 19
 3 Tax for the year		
Estimated tax charge for the year	5,309,270	6,034,861
Deferred tax adjustments in the year	-65,600	-37,400
	<u>5,243,670</u>	<u>5,997,461</u>

In addition, tax on equity DKK 32,880 (2015/16: DKK -11,911).

4 Property, plant and equipment

DKK	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 July 2016	12,336,919	2,443,060	14,779,979
Additions in the year	0	147,470	147,470
Cost at 30 June 2017	<u>12,336,919</u>	<u>2,590,530</u>	<u>14,927,449</u>
Impairment losses and depreciation at 1 July 2016	1,514,408	1,945,296	3,459,704
Amortisation/depreciation in the year	262,672	228,520	491,192
Impairment losses and depreciation at 30 June 2017	<u>1,777,080</u>	<u>2,173,816</u>	<u>3,950,896</u>
Carrying amount at 30 June 2017	<u>10,559,839</u>	<u>416,714</u>	<u>10,976,553</u>

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

5 Investments

DKK	Investments in group entities
Cost at 1 July 2016	2,099,885
Additions in the year	1,186,783
Cost at 30 June 2017	3,286,668
Value adjustments at 1 July 2016	0
Value adjustments at 30 June 2017	0
Carrying amount at 30 June 2017	3,286,668

Name	Interest
Subsidiaries	
Gram & Juhl North America Inc., Englewood, CO 80112, USA	100.00 %
Gram & Juhl GmbH, 26129 Oldenburg, Germany	100.00 %

6 Non-current liabilities other than provisions

DKK	Total debt at 30/6 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	4,526,514	356,892	4,169,622	2,787,902
	4,526,514	356,892	4,169,622	2,787,902

7 Collateral

A mortgage deed of DKK 6,948 thousand secured on land and buildings has been provided as collateral for credit institution. The carrying amount totals DKK 10,560 thousand.

8 Related parties

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Gram-Hansen Holding ApS	Søndergård Allé 14, 6500 Vojens, Denmark
Axel Juhl Holding ApS	Søndergård Allé 14, 6500 Vojens, Denmark