

Swarco Technology ApS

C.F. Tietgens Boulevard 25

5220 Odense SØ

CVR No. 19943305

Annual Report 2016

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 23 March 2017



Morten Søndergaard Hansen
Chairman

Swarco Technology ApS

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Management's Statement

Today, Management has considered and adopted the Annual Report of Swarco Technology ApS for the financial year 1 January 2016 - 31 December 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 assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January 2016 - 31 December 2016.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Odense, 22 March 2017

Executive Board



Morten Søndergård Hansen

Supervisory Board



Michael Schuch
Chairman



Hans Petter Ødegaard

Independent Auditor's Report

To the shareholders of Swarco Technology ApS

Opinion

We have audited the financial statements of Swarco Technology ApS for the financial year 1. januar 2016 - 31. december 2016, comprising income statement, balance sheet 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 Company's financial position at 31. december 2016 and of the results of its operations for the financial year 1. januar 2016 - 31. december 2016 in accordance with the Danish Financial Statements Act.

Basis of 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 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.

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.

The auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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 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 which we identify during our audit.

Copenhagen, 22 March 2017

KPMG

Statsautoriseret Revisionspartnerselskab

CVR-no. 25578198



Kenn W. Hansen

State Authorised Public Accountant

Swarco Technology ApS

Company details

Company	Swarco Technology ApS C.F. Tietgens Boulevard 25 5220 Odense SØ
CVR No.	19943305
Registered office	Odense
Financial year	1 January 2016 - 31 December 2016
Supervisory Board	Michael Schuch, Chairman Hans Petter Ødegaard
Executive Board	Morten Søndergård Hansen
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø CVR-no.: 25578198

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Income Statement

	Note	2016 kr.	2015 kr.
Gross profit		24.301.834	24.445.409
Employee benefits expense	1	-11.112.106	-10.973.482
Depreciation		-72.000	0
Profit from operating activities		13.117.728	13.471.927
Finance income		0	975
Finance expences	2	-15.014	-20.101
Profit before tax		13.102.714	13.452.801
Tax expense	3	-2.896.189	-3.191.302
Profit		10.206.525	10.261.499
 Proposed distribution of results			
Proposed dividend recognised in equity		10.200.000	10.300.000
Retained earnings		6.525	-38.501
Distribution of profit		10.206.525	10.261.499

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Balance Sheet as of 31. December

	Note	2016 kr.	2015 kr.
Assets			
Fixtures, fittings, tools and equipment	4	214.599	286.599
Property, plant and equipment		<u>214.599</u>	<u>286.599</u>
Fixed assets		<u>214.599</u>	<u>286.599</u>
Manufactured goods and goods for resale		4.110.557	3.742.060
Inventories		<u>4.110.557</u>	<u>3.742.060</u>
Trade receivables		1.159.926	1.146.664
Receivables from group enterprises		17.101.704	13.007.442
Other receivables		353.303	670.649
Deferred tax		21.181	33.067
Receivables		<u>18.636.114</u>	<u>14.857.822</u>
Cash and cash equivalents		<u>0</u>	<u>6.110.023</u>
Current assets		<u>22.746.671</u>	<u>24.709.905</u>
Assets		<u>22.961.270</u>	<u>24.996.504</u>

Swarco Technology ApS

Balance Sheet as of 31. December

	Note	2016 kr.	2015 kr.
Liabilities and equity			
Contributed capital		166.194	166.194
Retained earnings		6.410.019	6.403.494
Proposed dividend recognised in equity		10.200.000	10.300.000
Equity	5	<u>16.776.213</u>	<u>16.869.688</u>
Debt to banks		32.655	0
Trade payables		2.664.043	3.129.422
Tax payables to group enterprises		1.538.303	3.223.460
Other payables		1.950.056	1.773.934
Short-term liabilities other than provisions		<u>6.185.057</u>	<u>8.126.816</u>
Liabilities other than provisions within the business		<u>6.185.057</u>	<u>8.126.816</u>
Liabilities and equity		<u>22.961.270</u>	<u>24.996.504</u>
Principal activity	6		
Lease obligations	7		
Contingent liabilities	8		

Notes

	2016	2015
1. Employee benefits expense		
Wages and salaries	10.004.640	9.876.446
Post-employment benefit expense	817.939	804.200
Social security contributions	127.978	130.298
Other employee expense	161.549	162.538
	<u>11.112.106</u>	<u>10.973.482</u>
Average number of employees	<u>18</u>	<u>17</u>
<p>According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.</p>		
2. Finance expenses		
Other finance expenses	<u>15.014</u>	<u>20.101</u>
	<u>15.014</u>	<u>20.101</u>
3. Tax expense		
Current tax for the year	2.884.303	3.168.883
Deferred tax for the year	11.886	-30.026
Adjustment of tax concerning previous years	0	52.445
	<u>2.896.189</u>	<u>3.191.302</u>
4. Fixtures, fittings, tools and equipment		
Cost at the beginning of the year	286.599	0
Addition during the year	0	286.599
Cost at the end of the year	<u>286.599</u>	<u>286.599</u>
Depreciation and amortisation at the beginning of the year	0	0
Amortisation for the year	-72.000	0
Impairment losses and amortisation at the end of the year	<u>-72.000</u>	<u>0</u>
Carrying amount at the end of the year	<u>214.599</u>	<u>286.599</u>

Notes

2016

2015

5. Statement of changes in equity

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Proposed dividend</u>	<u>Total</u>
Equity, beginning balance	166.194	6.403.494	10.300.000	16.869.688
Dividend paid			-10.300.000	-10.300.000
Proposed distribution of results		6.525	10.200.000	10.206.525
	<u>166.194</u>	<u>6.410.019</u>	<u>10.200.000</u>	<u>16.776.213</u>

The share capital consists of 166,194 shares of a nominal value of DKK 1 each. No shares carry any special rights.

The share capital has remained unchanged for the last 5 years.

6. Principal activity

The principal activities comprise the development, services and maintenance of traffic signalling systems.

7. Lease obligations

Lease obligations under operating leases. Total future lease and rental payments:

Within 1 year: DKK 847,204 (2015: DKK 833,135)

Between 1 and 5 years: DKK 253,812 (2015: DKK 1,080,837)

8. Contingent liabilities

Contingent liabilities

The Company is jointly and severally liable for tax on the jointly taxed income with Swarco Danmark A/S. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustment of corporation taxes and withholding taxes may increase the Company's liability.

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9. Accounting policies

Reporting Class

The Annual Report of Swarco Technology ApS for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

The Annual Report is presented in Danish kroner.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

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Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Staff expenses

Staff expenses comprise wages and salaries, pensions and social security costs.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity. The Company and the Danish group companies are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Balance Sheet

Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

Amortisation and impairment of tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Fixtures and fittings, tools and equipment	3-5 years	0%

Profit or loss resulting from the sale of tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Leases

All leases are considered operating leases. payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Inventories

Inventories are measured at cost on the basis of the FIFO principle or at the net realisable value if the latter is

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lower.

Goods for resale and consumables are measured at cost, comprising purchase price plus delivery cost.

The net realisable value of inventories is calculated as the sale amount less cost necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Proposed dividend for the year is recognised as a separate item in equity.

Deferred tax

Deferred tax is determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

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

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Currency policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

Liabilities other than provisions

Financial liabilities are recognised at cost and subsequently measured at amortised cost.

Other liabilities are measured at net realisable value.