



ETK EMS SKANDERBORG A/S

Industrivej 45
Stilling
8660 Skanderborg

CVR no 20 17 72 84

ANNUAL REPORT FOR 2015/16
(20th Financial year)

Adopted at the annual general
meeting on
5. december 2016

Chairman

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STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Executive and Supervisory Boards have today discussed and approved the annual report of ETK EMS Skanderborg A/S for the financial year 1 July 2015 - 30 June 2016.

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 financial position at 30 June 2016 and of the results of the the Company's operations and cash flows for the financial year 1 July 2015 - 30 June 2016.

In our opinion, Management's review includes a fair review of the matters dealt with in the Management's review

We recommend the adoption of the annual report at the annual general meeting.

Stilling, 5 December 2016

Executive Board

Thomas Vinter
director

Supervisory Board

Thomas Vinter

Torben Drejer

Steen Tygesen

INDEPENDENT AUDITOR'S REPORT

To the shareholders of ETK EMS Skanderborg A/S

Report on the Financial Statements

We have audited the financial statements of ETK EMS Skanderborg A/S for the financial year 1 July 2015 - 30 June 2016, which comprise summary of significant accounting policies, income statement, balance sheet, cash flow statement and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

The 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 the 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 the 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 opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements gives a true and fair view of the Company's financial position at 30 juni 2016 and of the results of the Company's and cash flows operations for the financial year 1 July 2015 - 30 June 2016 in accordance with the Danish Financial Statements Act.

INDEPENDENT AUDITOR'S REPORT

Statement on the Management's Review

Pursuant to 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.

Skanderborg, 5 December 2016

ADVOSION

statsautoriseret revisionspartnerselskab
CVR-no. 37 55 70 64

Ole Christensen
State Authorised Public Accountant

Henrik Hansen
State Authorised Public Accountant

COMPANY DETAILS

The Company

ETK EMS Skanderborg A/S
Industrivej 45
Stilling
8660 Skanderborg

CVR no.: 20 17 72 84
Financial year: 1 July - 30 June
Domicile: Skanderborg

Supervisory Board

Thomas Vinter
Torben Drejer
Steen Tygesen

Executive Board

Thomas Vinter, director

Auditors

ADVOSION
statsautoriseret revisionspartnerselskab
Kristiansvej 13
8660 Skanderborg

FINANCIAL HIGHLIGHTS

5-year summary:

	2015/16	2014/15	2013/14	2012/13	2011/12
	T.EUR	T.EUR	T.EUR	T.EUR	T.EUR
Key figures					
Gross profit/loss	4,812	5,007	5,485	7,112	7,523
Profit/loss from ordinary operating activities before gains/losses from fair value adjustments	663	1,122	869	1,684	1,879
Profit/loss for the year	374	352	134	751	1,138
Balance sheet total	16,631	15,890	15,442	16,002	13,723
Equity	5,014	4,640	4,278	5,370	4,635
Number of employees	78	82	92	114	112
Financial ratios					
Return on assets	4.1%	7.2%	5.5%	11.3%	14.4%
Solvency ratio	30.1%	29.2%	27.7%	33.6%	33.8%
Return on equity	7.7%	7.9%	2.8%	15.0%	28.0%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

MANAGEMENT'S REVIEW

Business activities

The year's activity, similarly to previous years, has consisted of fabrication of and trading in electronic equipment and expertise concerning such.

Business review

The Company's income statement for the year ended 30 June shows a profit of EUR 374,197, and the balance sheet at 30 June 2016 shows equity of EUR 5,013,759.

Financial review

The company's management is anticipating a slightly rising turnover and earnings during the next fiscal year in relation to the present fiscal year.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the group's and the parent company's financial position.

ACCOUNTING POLICIES

The annual report of ETK EMS Skanderborg A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2015/16 is presented in EUR

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company's 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 will flow from the company's and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.

Revenue

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

ACCOUNTING POLICIES

Revenue from services, comprising service contracts and extended warranties relating to products and contracts sold, is recognised on a straight-line basis as the services are provided.

Raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Balance sheet

Tangible assets

Items of Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

ACCOUNTING POLICIES

Other fixtures and fittings, tools and equipment	3-8	years
Leasehold improvements	5	years

Assets costing less than EUR 6,700 are expensed in the year of acquisition.

Stocks

Stocks are measured using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Income tax and deffered tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

ACCOUNTING POLICIES

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate 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. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Cash flow statement

The cash flow statement shows the company's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the company's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are stated as the profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

ACCOUNTING POLICIES

Financial Highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

INCOME STATEMENT 1 JULY - 30 JUNE

	<u>Note</u>	<u>2015/16</u> EUR	<u>2014/15</u> EUR
Gross profit		4,812,188	5,006,785
Staff costs	1	<u>-4,033,247</u>	<u>-3,988,698</u>
Earnings before interest, taxes, depreciation and amortization		778,941	1,018,087
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-115,920</u>	<u>104,103</u>
Profit/loss before financial income and expenses		663,021	1,122,190
Financial income		27,596	25,874
Financial costs		<u>-210,351</u>	<u>-685,350</u>
Profit/loss before tax		480,266	462,714
Tax on profit/loss for the year	2	<u>-106,069</u>	<u>-110,942</u>
Net profit/loss for the year		<u>374,197</u>	<u>351,772</u>
Proposed dividend for the year		1,344,200	0
Retained earnings		<u>-970,003</u>	<u>351,772</u>
		<u>374,197</u>	<u>351,772</u>

BALANCE SHEET 30 JUNE

	Note	2016 EUR	2015 EUR
Assets			
Other fixtures and fittings, tools and equipment		161,250	212,886
Leasehold improvements		12,111	15,139
Tangible assets	3	173,361	228,025
Deposits		176,261	171,122
Fixed asset investments		176,261	171,122
Fixed assets total		349,622	399,147
Raw materials and consumables		1,509,048	2,172,701
Finished goods and goods for resale		1,870,025	1,467,093
Stocks		3,379,073	3,639,794
Trade receivables		3,658,400	1,838,890
Receivables from subsidiaries		9,155,969	9,938,009
Other receivables		151	30,131
Deferred tax asset		25,130	16,922
Prepayments		59,322	23,950
Receivables		12,898,972	11,847,902
Cash at bank and in hand		3,736	3,458
Current assets total		16,281,781	15,491,154
Assets total		16,631,403	15,890,301

BALANCE SHEET 30 JUNE

	Note	2016 EUR	2015 EUR
Liabilities and equity			
Share capital		180,125	180,125
Retained earnings		3,489,434	4,459,437
Proposed dividend for the year		1,344,200	0
Equity total	4	5,013,759	4,639,562
Subordinate loan capital		1,599,599	1,599,599
Long-term debt		1,599,599	1,599,599
Banks		6,267,930	6,803,058
Trade payables		1,187,425	1,630,152
Payables to subsidiaries		1,823,678	564,738
Other payables		739,012	653,192
Short-term debt		10,018,045	9,651,140
Debt total		11,617,644	11,250,739
Liabilities and equity total		16,631,403	15,890,301
Charges and securities	5		
Related parties and ownership	6		

CASH FLOW STATEMENT 1 JULY - 30 JUNE

	<u>Note</u>	<u>2015/16</u> EUR	<u>2014/15</u> EUR
Net profit/loss for the year		374,197	351,772
Adjustments		404,743	665,388
Change in working capital		<u>-782,143</u>	<u>-505,939</u>
Cash flows from operating activities before financial income and expenses		-3,203	511,221
Interest income and similar income		27,596	25,801
Interest expenses and similar charges		<u>-210,351</u>	<u>-685,351</u>
Cash flows from ordinary activities		-185,958	-148,329
Corporation tax paid		<u>-114,943</u>	<u>-68,929</u>
Cash flows from operating activities		-300,901	-217,258
Purchase of property, plant and equipment		-61,255	-107,752
Fixed asset investments made etc		-5,138	-4,974
Sale of property, plant and equipment		<u>0</u>	<u>267,090</u>
Cash flows from investing activities		-66,393	154,364
Repayment of payables to subsidiaries		1,259,607	-1,738,565
Repayment of other long-term debt		<u>-892,035</u>	<u>1,801,642</u>
Cash flows from financing activities		367,572	63,077
Change in cash and cash equivalents		278	183
Cash and cash equivalents		<u>3,458</u>	<u>3,275</u>
Cash and cash equivalents		3,736	3,458
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		<u>3,736</u>	<u>3,458</u>
Cash and cash equivalents		3,736	3,458

NOTES

	2015/16 EUR	2014/15 EUR
1 Staff costs		
Wages and salaries	3,699,666	3,616,849
Pensions	272,518	281,468
Other social security costs	61,063	90,381
	4,033,247	3,988,698
	4,033,247	3,988,698
Average number of employees	78	82
2 Tax on profit/loss for the year		
Current tax for the year	114,277	69,124
Deferred tax for the year	-8,208	41,818
	106,069	110,942
	106,069	110,942
3 Tangible assets		
	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 July 2015	2,229,514	15,139
Additions for the year	111,267	0
Disposals for the year	-2,676	0
Cost at 30 June 2016	2,338,105	15,139
	2,338,105	15,139
Impairment losses and depreciation at 1 July 2015	2,082,098	0
Depreciation for the year	94,757	3,028
Impairment losses and depreciation at 30 June 2016	2,176,855	3,028
	2,176,855	3,028
Carrying amount at 30 June 2016	161,250	12,111

NOTES

4 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 July 2015	180,125	4,459,437	0	4,639,562
Net profit/loss for the year	0	-970,003	1,344,200	374,197
Equity at 30 June 2016	180,125	3,489,434	1,344,200	5,013,759

5 Charges and securities

A company mortgage has been established for EUR 2 million to the benefit of financial institutions. A general floating charge has also been established as security for bank debt of ETK EMS Frederikssund A/S.

The company has transferred the property at Industrivej 41, Stilling to Javitech Ejendomme ApS. The ownership rights to the property have still not been secured by registration in the property register, and there still has been no acceptance of the assumption of the debt from the credit institution. The priority debt, which the company is thus still liable for comprises as at 30 June 2016 EUR 356,631

The company has entered into a financial leasing contract concerning the leasing of plant and machinery. The leasing commitment comprises in total EUR 232.800.

The company is jointly and severally liable for tax on consolidated taxable income and dividend tax. The total amount of income tax payable etc. is shown in the annual report for Javitek ApS, which is the management company in relation to the joint taxation.

The company has issued a payment guarantee of EUR 67,211 in favour of a trading partner.

6 Related parties and ownership

Controlling interest

Closely related parties with determining influence comprise the parent company of ETK EMS Group ApS, Industrivej 45, Stilling, DKK-8660 Skanderborg and Javitek ApS, Karlslundvej 7, DKK-8330 Beder, which prepares the group accounts on which ETK EMS Skanderborg A/S is included as a subsidiary.

Other related parties

Closely related parties with significant influence comprise Javitech Ejendomme ApS, Hakuna Matata ApS, ETK EMS Frederikssund A/S and ETK EMS Asia Produktions Ltd. as well as the boards and senior management.

NOTES

6 Related parties and ownership (continued)

Transactions

During the course of the year, apart from transactions internal to the group undertaken at market-related conditions and normal management remuneration, there have been no transactions carried out with the boards, senior management, associated companies or other closely related parties.

Ownership

According to the Company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

ETK EMS Group ApS