Piaster Revisorerne
vi giver bedre råd

ifm electronic a/s

CVR-no. 21 40 92 86

Ringager 4 A, 1. tv.
2605 Brøndby

Annual Report 2018

(Financial year 1 January 2018 - 31 December 2018)

The Annual Report is presented and adopted at the Annual General Meeting of shareholders on the 3 May 2019

Merete Bruun Jørgensen
Chairman of the meeting

Table of Contents

	Side
Statements and reports	
Management's Statement	1
Independent Auditor's Reports	2
Management's Review	
Corporate information	6
Management's Review	7
Financial Statements	
Income Statement	8
Balance Sheet	9
Notes	11
Accounting policies	14

Management's Statement

The Supervisory Board and the Executive Board have today considered and approved the Annual Report of 1 January 2018 - 31 December 2018 for ifm electronic a/s.

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 assets and liabilities, financial position and results of operations for the financial year ended 31 December 2018.

In our opinion the Management's Review gives a true and fair statement regarding the content in the Management's Review.

We recommend the Annual Report approved at the Annual General Meeting.

Brøndby, 3 May 2019

Executive Board:

Jørn Poulsen	Merete Bruun Jørgensen

Supervisory Board:

Simon Peter Evans	Jørn Poulsen	Markus Wolf

Independent Auditor's Reports

To the Shareholders of ifm electronic a/s

Opinion

We have audited the Financial Statements of ifm electronic a/s for the financial year 1 January 2018 - 31 December 2018, which comprise the income statement, balance sheet, notes and 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 31 December 2018 and of the results of the operations for the financial year 1 January 2018 - 31 December 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.

Emphasis of matter

Without modifying our opinion, we will inform that the company's cash need for its future activities are dependent on the parent company's guarantee for supporting the company. We refer to note 7, where the management state that is has received a guarantee from the parent company, and that the company expects to restore the company's negative equity through the company's future activities. We agree on the management's opinion regarding this issue.

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.

Independent Auditor’s Reports (-continued)

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.

- 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.

Independent Auditor’s Reports (-continued)

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, we conclude that Management’s Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of Management’s Review.

Independent Auditor's Reports (-continued)

Allerød, 3 May 2019
Piaster Revisorerne,
statsautoriseret revisionsaktieselskab
CVR. no.: 25 16 00 37

Stefan Sølvhøj Johansson
State Authorized Public Accountant
mne34123

Corporate information

The Company	ifm electronic a/s Ringager 4 A, 1. tv. 2605 Brøndby	
	Identification no.:	21 40 92 86
	Founded:	1 October 1998
	Registered office:	Brøndby
	Financial year:	1 January - 31 December
Executive Board	Jørn Poulsen Merete Bruun Jørgensen	
Supervisory Board	Simon Peter Evans Jørn Poulsen Markus Wolf	
Auditor	Piaster Revisorerne, Statsautoriseret Revisionsaktieselskab Engholm Parkvej 8 3450 Allerød	

Management’s Review

Significant activities of entity
The significant activities in the fiscal year of the company has been sale and marketing of electronically components for industrial automation under the trademarks "efector", "ecosys" and "ecomat".

Development in activities and financial affairs
The company's profit for the year is considered satisfying.

It has been planned to increase the activity of the company in order to obtain significantly improvement of the net result within the coming years.

It is expected that the company's equity will be restored through the company's future operations. The company's cash need is supported by the parent company. The Parent company has guaranteed that they will not assert their claims before the company's other creditors have been paid.

Significant events occurred after the end of the financial year
No events materially affecting the financial position of the company have occurred after the end of the financial year.

Group information
ifm electronic a/s i part of the ifm Group as a 100% owned subsidiary of ifm electronic GmBH, Essen, Deutschland.

The ifm group owns undertakings and has representing agents in more than 90 countries.

Income statement 1 January - 31 December

	Notes	2018	2017
Gross profit		**10.359.346**	**10.736.680**
Staff costs	1	-9.416.497	-8.348.880
Depreciation, amortisation expense and impairment losses	2	-30.084	-30.084
Operating profit		**912.765**	**2.357.716**
Financial income		748	42.280
Financial expenses	3	-78.817	-68.495
Profit before tax		**834.696**	**2.331.501**
Tax expense	4	0	0
Profit for the year		**834.696**	**2.331.501**
Proposed distribution of results			
Retained earnings		834.696	2.331.501
Proposed dividend recognised in equity		0	0
Total distribution		**834.696**	**2.331.501**

Balance sheet at 31 December

Assets

	Notes	2018	2017
Fixtures, fittings, tools and equipment	5	0	30.083
Tangible fixed assets		**0**	**30.083**
Fixed assets		**0**	**30.083**
Inventories		**0**	**130.689**
Trade receivables		16.182.761	14.717.712
Other receivables		193.199	193.199
Deferred income assets		0	116.482
Receivables		**16.375.960**	**15.027.393**
Cash and cash equivalents		**613.759**	**741.191**
Total current assets		**16.989.719**	**15.899.273**
Total assets		**16.989.719**	**15.929.356**

Balance sheet at 31 December

Equity and liabilities

	Notes	2018	2017
Share capital		500.000	500.000
Retained earnings		-3.060.279	-3.894.975
Equity	6	**-2.560.279**	**-3.394.975**
Trade payables		1.204.482	599.367
Payables to group enterprises		15.895.305	13.595.047
Other payables		2.450.211	5.129.917
Short-term liabilities other than provisions		**19.549.998**	**19.324.331**
Liabilities other than provisions		**19.549.998**	**19.324.331**
Equity and liabilities		**16.989.719**	**15.929.356**
Uncertainties relating to going concern	7		
Contingent liabilities and lease obligations	8		
Related parties	9		

Notes

		2018	2017
1	**Staff costs**		
	Wages and salaries	8.229.168	7.230.426
	Post-employment benefit expense	1.093.218	1.036.001
	Social security contributions	94.111	82.453
		9.416.497	**8.348.880**
	Average amount of employees	12	12
2	**Depreciation, amortisation expense and impairment losses**		
	Fixtures, fittings, tools and equipment	30.084	30.084
		30.084	**30.084**
3	**Financial expenses**		
	Intercompany interest	59.140	49.851
	Other interest	19.677	18.644
		78.817	**68.495**
4	**Tax expense**		
	Tax expense on ordinary activities	0	0
	Adjustment of deferred tax	0	0
	Tax, prior years	0	0
		0	**0**

Notes

		2018	2017
5	**Fixtures, fittings, tools and equipment**		
	Cost at 1 January	243.660	243.660
	Cost at 31 December	243.660	243.660
	Depreciations at 1 January	213.576	183.493
	Depreciation for the year	30.084	30.084
	Depreciations at 31 December	243.660	213.577
	Carrying amount at 31 December	**0**	**30.083**

6	**Equity**		
	Share capital at 1 January	500.000	500.000
	Share capital at 31 December	500.000	500.000
	Retained earnings at 1 January	-3.894.975	-6.226.476
	Proposed distribution of results this year	834.696	2.331.501
	Retained earnings at 31 December	-3.060.279	-3.894.975
	Equity at 31 December	**-2.560.279**	**-3.394.975**

7 Uncertainties relating to going concern

It is expected that the company's equity will be restored through the company's future operations. The company's cash need is supported by the parent company. The Parent company has guaranteed that they will not assert their claims before the company's other creditors have been paid.

Notes

8 Contingent liabilities and lease obligations

Contingent liabilities
The company has entered rentcontracts which can be terminated within 6 monts. The total lease obligations are DKK 216.000.

Lease obligations
The company has leases for which the company is the lessee. The lease agreements terminate within 1 and 36 months. The totale leasing fee is DKK 1.021.663.

9 Related parties

ifm electronic a/s' related parties are:

Controlling interest
ifm electronic GmbH, Friedrichstr. 1, D 45128 Essen, Germany, who makes the annual report for the ifm Group.

Owners
The following shareholder is registered in the Register of Shareholders as holding a minimum of 5% of the votes or at least 5% of the share capital:

ifm electronic GmbH
Friedrichstr. 1
D 45128 Essen
Germany

Accounting policies

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with election from reporting class C.

The accounting policies are consistent with those of last year.

General

In general regarding accounting and measuring
Income is recognized in the income statement when they are earned. Furthermore are all costs, depreciations and write downs recognized in the income statement when incurred.

Assets are recognized in the balance sheet when it is probable that future economical benefits will accrue to the company and the assets value can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economical benefits will be deducted from the company and the value can be measured reliably.

On inital recognition assets and liabilities are measured to cost price. Thereafter assets and liabilities are measured as described for each entry.

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.

Currency retranslation
Transactions denominated in foreign currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Exchange differences arising between the transaction date and the exchange rate at the date of actual payment are recognized in the income statement under financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates ruling at the balance sheet date. The difference between the exchange rates ruling at the balance sheet date and at the date when the receivable or payable arose is recognized in the income statement under financial income or financial expenses.

Non-current assets aquired in foreign currency are measured to the exchange rate ruling at the date of the transaction.

Accounting policies

Consolidated financial statements
In accordance with the exemption in the Danish Financial Statements Act no consolidated financial statements have been prepared.

Income statement

Gross profit
With reference to section 32 of the Danish Financial Statement Act, the items “Revenue”, “Cost of sales”, “Other operating income” and “Other external expenses” are consolidated into one item designated “Gross profit”.

Revenue
Revenue includes invoiced sales of goods and rendering of services, recognition is done, when

- delivery and transfer of risk to the buyer has taken place before year end
- a commiting sales agreement exists
- sales price is determined, and
- payment is received, or there are reasonable security that it will be received

Revenue is recognized excluding value added tax and after deduction of provisions rebates and trade discounts relating to the sale.

Cost of sales
Cost of sales include costs incurred to achieve revenue for the year. Cost of sales include freight and forwarding costs.

Other external expenses
Other external expenses include expenses related to distribution, sale, advertising, administration, bad debt, premises, operating lease agreements etc.

Staff costs
Staff costs comprise costs such as wages and salaries, pension costs and other social security benefits ect. to the company's employees.

Other operating income and expenses
Other operating income and expenses includes items of a secondary nature relative to the enterprise’s core business.

Accounting policies

Financial items
Financial income and expenses are recognized in the income statement with the amounts related to the year. Financial income and expenses comprise interest receivable and payable, realised and unrealised capital gains on securities and currency translation adjustments.

Tax expense
Tax on income for the year, consisting of the year’s current tax and deferred tax, is recognized in the income statement to the extent that it relates to the income or loss for the year and on equity to the extent that it relates there to.

Balance sheet

Fixed tangible assets
Fixed tangible assets are measured at historic cost less accumulated depreciation and impairment losses.

Historic cost comprise the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Assets are depreciated on a straight-line basis over the expected useful economic lives of the assets:

	Useful life	Expected scrap value
Cars, fixtures and fitting	5 years	0-20%
Fixtures, fittings, tools and equipment	3 years	0-20%

Asset acquisitions below the taxable limit is fully written off in the year of acquisition.

Gains and losses on disposals are determined as the difference between selling price less sales cost and carrying amount at time of disposal and are recognized in the income statement. Gains or losses are recognized in the income statement under other operating income or other operating expenses.

Accounting policies

Impairment of fixed tangible assets
The carrying amount of fixed tangible assets is every year reviewed in order to determine if there are indications of impairment exceeding the amount expressed by depreciations and amortisations. If this is the case an impairment test is carried out in order to determine if the recoverable amount is lower than the carrying amount. The assets are written down to this lower value.

Recoverable amount for the asset is determined as the highest value of net sales price and the capital value. If it is not possible to determine the recoverable amount for the individual asset, assets are assessed together with the smallest group of assets where it is possible to determine a reliable evaluation of the recoverable amount.

Assets where it is not possible to determine an individual capital value because the asset does not generate future cash flows is assessed together with the group of assets which they can be attributed to.

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 determined taking into account marketability, obsolescence and development in expected sales price less completion costs and costs incurred to effectuate the sale.

Receivables
Receivables are measured at amortized cost which corresponds in all material respects to nominal value. The value is reduced with provisions for expected bad debts.

Cash and cash equivalents
Cash comprises cash balances and bank balances.

Current tax and current deferred tax
Current tax liabilities and current tax assets are recognized in the balance sheet as estimated tax on the taxable income for the year, adjusted for change in tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Deferred tax is measured according to the balance sheet liability method on all timing differences between the tax and accounting value of assets and liabilities.

Accounting policies

Deferred tax assets including the tax value of tax loss carryforwards, are measured at the value at which the asset is expected to be realized, either by equalization in future income tax, or by offsetting deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realizable value.

Deferred income tax is measured using tax rules and tax rates that apply by the balance sheet date when the deferred tax asset is realised or the deferred income tax liability is settled. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

Liabilities
Other liabilities are measured at amortized cost, corresponding to the nominal value.