

Danitech Production A/S

Melskov Alle 10, 6100 Haderslev

CVR no. 25 21 44 04

Annual report 2017

Approved at the Company's annual general meeting on 2018-05-01

Chairman:


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Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	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 Danitech Production A/S for the financial year 1 January - 31 December 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 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 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, 6 April 2018
Executive Board:



Jens Kahr Andersen

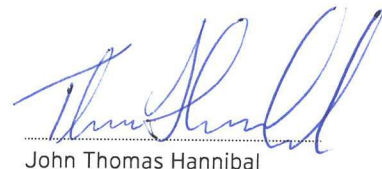
Board of Directors:



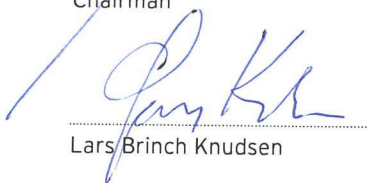
Arne Iversen
Chairman



Jens Kahr Andersen



John Thomas Hannibal



Lars Brinch Knudsen

Independent auditor's report

To the shareholders of Danitech Production A/S

Opinion

We have audited the financial statements of Danitech Production A/S for the financial year 1 January - 31 December 2017, which comprise 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 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 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 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 scepticism 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.

Independent auditor's report

- ▶ 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.
- ▶ 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 the work we have performed, 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, 6 April 2018

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Lars Mortensen

State Authorised Public Accountant

MNE no.: mne32743



Management's review

Company details

Name	Danitech Production A/S
Address, Postal code, City	Melskov Alle 10, 6100 Haderslev
CVR no.	25 21 44 04
Established	18 February 2000
Registered office	Haderslev
Financial year	1 January - 31 December
Telephone	+45 76 34 23 05
Board of Directors	Arne Iversen, Chairman Jens Kahr Andresen John Thomas Hannibal Lars Brinch Knudsen
Executive Board	Jens Kahr Andresen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Norgesvej 24 B, 6100 Haderslev, Denmark



Management's review

Business review

The Company's business activity consists in engineering works.

Financial review

The income statement for 2017 shows a profit of DKK 419,560 against a profit of DKK 2,279,291 last year, and the balance sheet at 31 December 2017 shows equity of DKK 11,232,303.

In 2017, two companies merged into one company; Danitech Support ApS and H.C. Petersens Maskinfabrik ApS became Danitech Production A/S. The merger took place both physically and systemwise.

The topline increased by 10.6% compared to 2016, which is considered very satisfactory. The EBIT margin amounted to 2.3% before tax. This is not a satisfactory result but an effect of the merger and large stock regulations during the year.

Events after the balance sheet date

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

Outlook

The expectation for 2018 is an EBIT margin before tax above 10%.



Financial statements 1 January - 31 December

Income statement

Note	DKK	2017	2016
	Gross margin	11,000,714	9,972,610
2	Staff costs	-8,406,530	-6,226,782
3	Amortisation/depreciation and impairment of property, plant and equipment	-1,420,037	-651,939
	Other operating expenses	-187,549	0
	Profit before net financials	986,598	3,093,889
	Financial income	30,053	10,078
	Financial expenses	-385,314	-155,692
	Profit before tax	631,337	2,948,275
4	Tax for the year	-211,777	-668,984
	Profit for the year	419,560	2,279,291
	Recommended appropriation of profit		
	Retained earnings	419,560	2,279,291

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Goodwill	4,484,165	4,804,463
		<u>4,484,165</u>	<u>4,804,463</u>
6	Property, plant and equipment		
	Land and buildings	9,509,419	0
	Other fixtures and fittings, tools and equipment	3,184,272	5,537,789
	Leasehold improvements	0	70,978
		<u>12,693,691</u>	<u>5,608,767</u>
	Investments		
	Deposits, investments	0	78,907
		<u>0</u>	<u>78,907</u>
	Total fixed assets	<u>17,177,856</u>	<u>10,492,137</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	6,127,276	5,265,238
		<u>6,127,276</u>	<u>5,265,238</u>
	Receivables		
	Trade receivables	6,086,198	2,672,006
	Other receivables	33,684	83,058
	Prepayments	269,560	49,703
		<u>6,389,442</u>	<u>2,804,767</u>
	Cash	<u>59,618</u>	<u>2,418,890</u>
	Total non-fixed assets	<u>12,576,336</u>	<u>10,488,895</u>
	TOTAL ASSETS	<u><u>29,754,192</u></u>	<u><u>20,981,032</u></u>



Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	2,000,000	2,000,000
	Retained earnings	9,232,303	8,812,743
	Total equity	<u>11,232,303</u>	<u>10,812,743</u>
	Provisions		
	Deferred tax	489,300	633,964
	Total provisions	<u>489,300</u>	<u>633,964</u>
	Liabilities other than provisions		
8	Non-current liabilities other than provisions		
	Mortgage debt	3,422,038	0
	Other payables	6,043,750	750,000
		<u>9,465,788</u>	<u>750,000</u>
	Current liabilities other than provisions		
8	Current portion of long-term liabilities	432,919	250,000
	Bank debt	3,703,452	4,453,704
	Trade payables	2,251,774	1,627,224
	Payables to associates	120,944	127,346
	Income taxes payable	254,459	146,119
	Other payables	1,803,253	2,179,932
		<u>8,566,801</u>	<u>8,784,325</u>
	Total liabilities other than provisions	<u>18,032,589</u>	<u>9,534,325</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>29,754,192</u></u>	<u><u>20,981,032</u></u>

1 Accounting policies

9 Contractual obligations and contingencies, etc.



Financial statements 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2017	2,000,000	8,812,743	10,812,743
Transfer through appropriation of profit	0	419,560	419,560
Equity at 31 December 2017	<u>2,000,000</u>	<u>9,232,303</u>	<u>11,232,303</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Danitech Production A/S for 2017 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.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

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

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

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.

Income statement

Revenue

Income from the sale of goods for resale and finished goods, comprising sale is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment 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.

Gross margin

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

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to 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.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

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

Goodwill	15 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries and associates

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.

Impairment of fixed assets

Property, plant and equipment are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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.

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.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash

Cash comprise cash.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2017	2016
2 Staff costs		
Wages/salaries	7,306,194	5,287,627
Pensions	554,061	562,802
Other social security costs	172,471	150,387
Other staff costs	373,804	225,966
	<u>8,406,530</u>	<u>6,226,782</u>
Average number of full-time employees	<u>15</u>	<u>10</u>
3 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	320,298	0
Depreciation of property, plant and equipment	1,099,739	651,939
	<u>1,420,037</u>	<u>651,939</u>
4 Tax for the year		
Estimated tax charge for the year	356,444	644,119
Deferred tax adjustments in the year	-144,667	24,865
	<u>211,777</u>	<u>668,984</u>
5 Intangible assets		
DKK		<u>Goodwill</u>
Cost at 1 January 2017		4,804,463
Cost at 31 December 2017		<u>4,804,463</u>
Impairment losses and amortisation at 1 January 2017		0
Amortisation/depreciation in the year		<u>320,298</u>
Impairment losses and amortisation at 31 December 2017		320,298
Carrying amount at 31 December 2017		<u>4,484,165</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

DKK	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2017	0	11,663,449	482,569	12,146,018
Additions in the year	9,643,237	18,975	0	9,662,212
Disposals in the year	0	-1,693,499	0	-1,693,499
Cost at 31 December 2017	9,643,237	9,988,925	482,569	20,114,731
Impairment losses and depreciation at 1 January 2017	0	6,125,660	411,591	6,537,251
Amortisation/depreciation in the year	133,818	894,943	70,978	1,099,739
Amortisation/depreciation and impairment of disposals in the year	0	-50,950	0	-50,950
Reversal of amortisation/depreciation and impairment of disposals	0	-165,000	0	-165,000
Impairment losses and depreciation at 31 December 2017	133,818	6,804,653	482,569	7,421,040
Carrying amount at 31 December 2017	9,509,419	3,184,272	0	12,693,691

DKK	2017	2016
7 Share capital		
Analysis of the share capital:		
20,000 Ordinary shares of DKK 100.00 nominal value each	2,000,000	2,000,000
	2,000,000	2,000,000

Analysis of changes in the share capital over the past 5 years:

DKK	2017	2016	2015	2014	2013
Opening balance	2,000,000	2,000,000	492,000	492,000	492,000
	2,000,000	2,000,000	492,000	492,000	492,000

8 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	3,604,957	182,919	3,422,038	2,690,537
Other payables	6,293,750	250,000	6,043,750	5,543,750
	9,898,707	432,919	9,465,788	8,234,287



Financial statements 1 January - 31 December

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	<u>2017</u>	<u>2016</u>
Rent and lease liabilities	<u>1,007,500</u>	<u>0</u>