
TeeJet Technologies Denmark ApS

Mølhavevej 2, DK-9440 Aabybro

Annual Report for 1 January - 31 December 2015

CVR No 25 49 91 82

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/5 2016

Mikael Larsen
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of TeeJet Technologies Denmark ApS for the financial year 1 January - 31 December 2015.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2015.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Aabybro, 31 May 2016

Executive Board

Franklin Erik Bramsen

Mikael Larsen

Board of Directors

Franklin Erik Bramsen
Chairman

Mikael Larsen

Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements

To the Shareholders of TeeJet Technologies Denmark ApS

Report on the Financial Statements and the Consolidated Financial Statements

We have audited the Financial Statements and the Consolidated Financial Statements of TeeJet Technologies Denmark ApS for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, cash flow statement, notes and summary of significant accounting policies. The Financial Statements and the Consolidated Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements and the Consolidated Financial Statements

Management is responsible for the preparation of Financial Statements and the Consolidated 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 and Consolidated 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 and the Consolidated 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 whether the Financial Statements and the Consolidated Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements and the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements and the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements and Consolidated 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements and the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements

Opinion

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Company and the Group at 31 December 2015 and of the results of the Company and the Group operations and of consolidated cash flows for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Report on Other Legal and Regulatory Requirements

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements and the Consolidated Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements and the Consolidated Financial Statements.

Hellerup, 31 May 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Wright
State Authorised Public Accountant

Michael Bak
State Authorised Public Accountant

Company Information

The Company

TeeJet Technologies Denmark ApS
Mølhavevej 2
DK-9440 Aabybro

Telephone: 9696 2500
E-mail: info.aabybro@teejet.com
Website: www.teejet.dk

CVR No: 25 49 91 82
Financial period: 1 January - 31 December
Incorporated: 10 July 2000
Financial year: 16th financial year
Municipality of reg. office: Jammerbugt

Board of Directors

Franklin Erik Bramsen, Chairman
Mikael Larsen

Executive Board

Franklin Erik Bramsen
Mikael Larsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

| | Group | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| | 2015 TDKK | 2014 TDKK | 2013 TDKK | 2012 TDKK | 2011 TDKK |
| Key figures | | | | | |
| Profit/loss | | | | | |
| Gross profit/loss | 29.963 | 31.306 | 40.911 | 41.789 | 34.438 |
| Operating profit/loss | -603 | 3.029 | 12.398 | 9.823 | 5.009 |
| Net financials | -319 | -968 | -264 | -96 | -452 |
| Net profit/loss for the year | -762 | 1.359 | 8.909 | 7.249 | 9.713 |
| Balance sheet | | | | | |
| Balance sheet total | 45.455 | 58.576 | 67.191 | 58.825 | 52.142 |
| Equity | 13.330 | 14.091 | 56.732 | 47.815 | 40.566 |
| Cash flows | | | | | |
| Cash flows from: | | | | | |
| - operating activities | -7.018 | -757 | 17.185 | 8.883 | 431 |
| - investing activities | -551 | -397 | -295 | -637 | -207 |
| - financing activities | 9.080 | -26.565 | 0 | 0 | 0 |
| Change in cash and cash equivalents for the year | 1.511 | -27.718 | 16.890 | 8.246 | 224 |
| Number of employees | 61 | 61 | 61 | 64 | 65 |
| Ratios | | | | | |
| Return on assets | -1,3% | 5,2% | 18,5% | 16,7% | 9,6% |
| Solvency ratio | 29,3% | 24,1% | 84,4% | 81,3% | 77,8% |
| Return on equity | -5,6% | 3,8% | 17,0% | 16,4% | 27,2% |

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

The Annual Report of TeeJet Technologies Denmark ApS for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Main activity

The main business activity in the Group is development, production and marketing of electronic components and systems for mobile equipment within the agricultural sector.

Development in the year

The income statement of the Group and the Parent Company for 2015 shows a loss of DKK 761,704, and at 31 December 2015 the balance sheet of the Group and the Parent Company shows equity of DKK 13,329,562.

Strategy and objectives

Strategy

The strategy is unchanged compared to previously. The Group and the Parent Company will continue to develop, manufacture and market electronic components and systems for mobile equipment within the agricultural sector.

Targets and expectations for the year ahead

The expectations for 2016 are on the same level or a small decline in revenue as well as net result for the year. This is due to a downturn in the agricultural sector in Europe in general. However, it is not expected to have an influence on going concern and the fact that TeeJet Technologies Denmark ApS continues its operation as until now.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

| | Note | Group | | Parent company | |
|--|------|-------------------|-------------------|-------------------|-------------------|
| | | 2015 DKK | 2014 DKK | 2015 DKK | 2014 DKK |
| Gross profit/loss | | 29.962.612 | 31.305.980 | 16.275.441 | 21.134.163 |
| Staff expenses | 1 | -29.520.187 | -27.240.623 | -17.756.188 | -17.845.288 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | 2 | -1.045.367 | -1.036.556 | -934.243 | -922.825 |
| Profit/loss before financial items | | -602.942 | 3.028.801 | -2.414.990 | 2.366.050 |
| Income from investments in subsidiaries | | 0 | 0 | 963.220 | 293.769 |
| Financial income | 3 | 537.321 | 520.976 | 419.747 | 555.926 |
| Financial expenses | 4 | -855.908 | -1.489.244 | -313.138 | -1.384.871 |
| Profit/loss before tax | | -921.529 | 2.060.533 | -1.345.161 | 1.830.874 |
| Tax on profit/loss for the year | 5 | 158.943 | -701.862 | 583.457 | -471.433 |
| Profit/loss before minority interests | | -762.586 | 1.358.671 | -761.704 | 1.359.441 |
| Minority interests' share of net profit/loss of subsidiaries | | 882 | 770 | 0 | 0 |
| Net profit/loss for the year | | -761.704 | 1.359.441 | -761.704 | 1.359.441 |

Distribution of profit

| | Parent company | |
|--|-----------------|------------------|
| | 2015 DKK | 2014 DKK |
| Proposed distribution of profit | | |
| Retained earnings | -761.704 | 1.359.441 |
| | -761.704 | 1.359.441 |

Balance Sheet 31 December

Assets

| | Note | Group | | Parent company | |
|--|----------|-------------------|-------------------|-------------------|-------------------|
| | | 2015 DKK | 2014 DKK | 2015 DKK | 2014 DKK |
| Land and buildings | | 6.507.946 | 7.191.071 | 6.507.946 | 7.191.071 |
| Plant and machinery | | 303.027 | 331.491 | 303.027 | 331.491 |
| Other fixtures and fittings, tools and equipment | | 603.729 | 397.515 | 88.430 | 69.400 |
| Property, plant and equipment | 6 | 7.414.702 | 7.920.077 | 6.899.403 | 7.591.962 |
| Investments in subsidiaries | 7 | 0 | 0 | 4.176.904 | 3.127.590 |
| Other securities and investments | | 18.434 | 17.616 | 18.434 | 17.616 |
| Other receivables | | 10.062 | 9.760 | 10.062 | 9.760 |
| Fixed asset investments | | 28.496 | 27.376 | 4.205.400 | 3.154.966 |
| Fixed assets | | 7.443.198 | 7.947.453 | 11.104.803 | 10.746.928 |
| Inventories | 8 | 18.796.506 | 17.506.251 | 15.444.235 | 17.506.251 |
| Trade receivables | | 11.395.738 | 11.991.368 | 11.395.738 | 11.991.368 |
| Receivables from group enterprises | | 1.314.280 | 17.252.003 | 6.713.033 | 17.431.733 |
| Other receivables | | 1.887.918 | 535.612 | 0 | 45.319 |
| Deferred tax asset | | 1.200.805 | 734.950 | 1.315.076 | 731.620 |
| Corporation tax | | 69.847 | 911.077 | 110.000 | 1.039.473 |
| Prepayments | | 949.932 | 811.656 | 559.044 | 324.821 |
| Receivables | | 16.818.520 | 32.236.666 | 20.092.891 | 31.564.334 |
| Cash at bank and in hand | | 2.396.676 | 885.898 | 175.290 | 233.011 |
| Currents assets | | 38.011.702 | 50.628.815 | 35.712.416 | 49.303.596 |
| Assets | | 45.454.900 | 58.576.268 | 46.817.219 | 60.050.524 |

Balance Sheet 31 December

Liabilities and equity

| | Note | Group | | Parent company | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | 2015 DKK | 2014 DKK | 2015 DKK | 2014 DKK |
| Share capital | | 2.000.000 | 2.000.000 | 2.000.000 | 2.000.000 |
| Retained earnings | | 11.329.562 | 12.091.266 | 11.329.562 | 12.091.266 |
| Equity | 9 | 13.329.562 | 14.091.266 | 13.329.562 | 14.091.266 |
| Minority interests | | -22.566 | -23.447 | 0 | 0 |
| Provisions relating to investments in group enterprises | | 0 | 0 | 426.996 | 439.626 |
| Other provisions | 10 | 600.000 | 600.000 | 600.000 | 600.000 |
| Provisions | | 600.000 | 600.000 | 1.026.996 | 1.039.626 |
| Lease obligations | | 151.866 | 0 | 0 | 0 |
| Long-term debt | | 151.866 | 0 | 0 | 0 |
| Trade payables | | 2.633.904 | 2.190.714 | 1.172.827 | 919.297 |
| Payables to group enterprises | | 21.077.721 | 28.087.064 | 26.306.726 | 32.309.222 |
| Other payables | | 7.684.413 | 13.630.671 | 4.981.108 | 11.691.113 |
| Short-term debt | | 31.396.038 | 43.908.449 | 32.460.661 | 44.919.632 |
| Debt | | 31.547.904 | 43.908.449 | 32.460.661 | 44.919.632 |
| Liabilities and equity | | 45.454.900 | 58.576.268 | 46.817.219 | 60.050.524 |
| Contingent assets, liabilities and other financial obligations | 10 | | | | |
| Related parties and ownership | 11 | | | | |

Cash Flow Statement 1 January - 31 December

| | Note | Group | |
|--|------|-------------------|--------------------|
| | | 2015 DKK | 2014 DKK |
| Net profit/loss for the year | | -761.704 | 1.359.441 |
| Adjustments | 12 | 1.233.737 | 2.738.050 |
| Change in working capital | 13 | -7.690.276 | -1.495.635 |
| Cash flows from operating activities before financial income and expenses | | -7.218.243 | 2.601.856 |
| Financial income | | 530.191 | 520.976 |
| Financial expenses | | -848.778 | -1.489.244 |
| Cash flows from ordinary activities | | -7.536.830 | 1.633.588 |
| Corporation tax paid | | 518.692 | -2.390.521 |
| Cash flows from operating activities | | -7.018.138 | -756.933 |
| Purchase of property, plant and equipment | | -551.330 | -396.555 |
| Cash flows from investing activities | | -551.330 | -396.555 |
| Change of lease obligations | | 151.866 | 0 |
| Reduction of receivables, net to group enterprises | | 8.928.380 | 0 |
| Raising of loans from group enterprises | | 0 | 17.435.061 |
| Dividend paid | | 0 | -44.000.000 |
| Cash flows from financing activities | | 9.080.246 | -26.564.939 |
| Change in cash and cash equivalents | | 1.510.778 | -27.718.427 |
| Cash and cash equivalents at 1 January | | 885.898 | 28.604.325 |
| Cash and cash equivalents at 31 December | | 2.396.676 | 885.898 |
| Cash and cash equivalents are specified as follows: | | | |
| Cash at bank and in hand | | 2.396.676 | 885.898 |
| Cash and cash equivalents at 31 December | | 2.396.676 | 885.898 |

Notes to the Financial Statements

| | Group | | Parent company | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | DKK | DKK | DKK | DKK |
| 1 Staff expenses | | | | |
| Wages and salaries | 26.634.933 | 25.133.604 | 14.870.934 | 15.738.269 |
| Pensions | 1.316.032 | 1.170.261 | 1.316.032 | 1.170.261 |
| Other social security expenses | 139.186 | 148.057 | 139.186 | 148.057 |
| Other staff expenses | 1.430.036 | 788.701 | 1.430.036 | 788.701 |
| | 29.520.187 | 27.240.623 | 17.756.188 | 17.845.288 |
| Average number of employees | 61 | 61 | 43 | 46 |

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

| | | | | |
|---|------------------|------------------|----------------|----------------|
| Depreciation of property, plant and equipment | 1.045.367 | 1.036.556 | 934.243 | 922.825 |
| | 1.045.367 | 1.036.556 | 934.243 | 922.825 |

Notes to the Financial Statements

| | Group | | Parent company | |
|--|-----------------|------------------|-----------------|------------------|
| | 2015 DKK | 2014 DKK | 2015 DKK | 2014 DKK |
| 3 Financial income | | | | |
| Income from fixed asset investments | 1.660 | 3.090 | 1.660 | 3.090 |
| Interest received from group enterprises | 7.130 | 48.349 | 163.033 | 155.422 |
| Other financial income | 528.531 | 469.537 | 255.054 | 397.414 |
| | 537.321 | 520.976 | 419.747 | 555.926 |
| 4 Financial expenses | | | | |
| Other financial expenses | 134.585 | 923.203 | 133.227 | 818.830 |
| Exchange adjustments, expenses | 721.323 | 566.041 | 179.911 | 566.041 |
| | 855.908 | 1.489.244 | 313.138 | 1.384.871 |
| 5 Tax on profit/loss for the year | | | | |
| Current tax for the year | 430.857 | 690.956 | 0 | 460.527 |
| Deferred tax for the year | -589.800 | 10.906 | -583.457 | 10.906 |
| | -158.943 | 701.862 | -583.457 | 471.433 |

Notes to the Financial Statements

6 Property, plant and equipment

Group

| | Land and buildings | Plant and machinery | Other fixtures and fittings, tools and equipment |
|---|-------------------------|------------------------|---|
| | DKK | DKK | DKK |
| Cost at 1 January | 14.419.642 | 5.000.820 | 3.858.666 |
| Additions for the year | 0 | 211.120 | 340.212 |
| Disposals for the year | 0 | -621.420 | -271.339 |
| Transfers for the year | 0 | -102.871 | 102.874 |
| Cost at 31 December | <u>14.419.642</u> | <u>4.487.649</u> | <u>4.030.413</u> |
| Impairment losses and depreciation at 1 January | 7.228.571 | 4.674.168 | 3.456.317 |
| Depreciation for the year | 683.125 | 131.874 | 241.706 |
| Impairment and depreciation of sold assets for the year | 0 | -621.420 | -271.339 |
| Impairment losses and depreciation at 31 December | <u>7.911.696</u> | <u>4.184.622</u> | <u>3.426.684</u> |
| Carrying amount at 31 December | <u>6.507.946</u> | <u>303.027</u> | <u>603.729</u> |
| Depreciated over | <u>20 years</u> | <u>3-5 years</u> | <u>3-7 years</u> |

Notes to the Financial Statements

6 Property, plant and equipment (continued)

Parent company

| | Land and buildings | Plant and machinery | Other fixtures and fittings, tools and equipment |
|---|-------------------------|------------------------|---|
| | DKK | DKK | DKK |
| Cost at 1 January | 14.419.642 | 5.000.820 | 2.214.040 |
| Additions for the year | 0 | 211.120 | 30.565 |
| Disposals for the year | 0 | -621.420 | -271.339 |
| Transfers for the year | 0 | -102.871 | 102.874 |
| Cost at 31 December | <u>14.419.642</u> | <u>4.487.649</u> | <u>2.076.140</u> |
| Impairment losses and depreciation at 1 January | 7.228.571 | 4.674.168 | 2.139.805 |
| Depreciation for the year | 683.125 | 131.874 | 119.244 |
| Impairment and depreciation of sold assets for the year | 0 | -621.420 | -271.339 |
| Impairment losses and depreciation at 31 December | <u>7.911.696</u> | <u>4.184.622</u> | <u>1.987.710</u> |
| Carrying amount at 31 December | <u>6.507.946</u> | <u>303.027</u> | <u>88.430</u> |
| Depreciated over | <u>20 years</u> | <u>3-5 years</u> | <u>3-7 years</u> |

Notes to the Financial Statements

| | Parent company | |
|---|------------------|------------------|
| | 2015 DKK | 2014 DKK |
| 7 Investments in subsidiaries | | |
| Cost at 1 January | 308.961 | 308.961 |
| Cost at 31 December | 308.961 | 308.961 |
| Value adjustments at 1 January | -2.901.795 | -3.159.326 |
| Exchange adjustment | -98.144 | -36.238 |
| Net profit/loss for the year | 963.220 | 293.769 |
| Value adjustments at 31 December | -2.036.719 | -2.901.795 |
| Equity investments with negative net asset value amortised over receivables | 5.477.666 | 5.280.798 |
| Equity investments with negative net asset value transferred to provisions | 426.996 | 439.626 |
| Carrying amount at 31 December | 4.176.904 | 3.127.590 |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Share capital | Votes and ownership | Equity | Net profit/loss for the year |
|-------------------------------------|----------------------------|---------------|---------------------|------------|------------------------------|
| TeeJet Tournai SprL | Belgium | TDKK 46 | 99% | -5.904.662 | -176.213 |
| TeeJet Technologies GmbH | Germany | TDKK 186 | 100% | 1.571.744 | 200.745 |
| TeeJet LH Agro Polska Spolka Z.o.o. | Poland | TDKK 97 | 100% | 1.141.074 | 259.648 |
| TeeJet London Ltd. | England | TDKK 10 | 100% | 175.830 | 114.628 |
| TeeJet Agro LH Orleans | France | TDKK 63 | 100% | 696.961 | 66.771 |
| ooo TeeJet Russia | Russia | TDKK 2 | 100% | 339.624 | 352.890 |
| TeeJet South Africa | South Africa | TDKK 0 | 100% | 251.671 | 144.751 |

All foreign subsidiaries are recognised and measured as separate entities.

Notes to the Financial Statements

| | Group | | Parent company | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | DKK | DKK | DKK | DKK |
| 8 Inventories | | | | |
| Raw materials and consumables | 10.147.824 | 11.712.965 | 10.147.824 | 11.712.965 |
| Finished goods and goods for resale | 8.648.682 | 5.793.286 | 5.296.411 | 5.793.286 |
| | 18.796.506 | 17.506.251 | 15.444.235 | 17.506.251 |

9 Equity

Group

| | Share capital | Retained earnings | Total |
|------------------------------|------------------|-------------------|-------------------|
| | DKK | DKK | DKK |
| Equity at 1 January | 2.000.000 | 12.091.266 | 14.091.266 |
| Net profit/loss for the year | 0 | -761.704 | -761.704 |
| Equity at 31 December | 2.000.000 | 11.329.562 | 13.329.562 |

Parent company

| | | | |
|------------------------------|------------------|-------------------|-------------------|
| Equity at 1 January | 2.000.000 | 12.091.266 | 14.091.266 |
| Net profit/loss for the year | 0 | -761.704 | -761.704 |
| Equity at 31 December | 2.000.000 | 11.329.562 | 13.329.562 |

The share capital consists of 2,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

| | Group | | Parent company | |
|--|------------------|------------------|----------------|----------------|
| | 2015 DKK | 2014 DKK | 2015 DKK | 2014 DKK |
| 10 Contingent assets, liabilities and other financial obligations | | | | |
| Rental agreements and leases | | | | |
| Lease obligations under operating leases. Total future lease payments: | | | | |
| Within 1 year | 1.449.183 | 506.957 | 292.026 | 208.104 |
| Between 1 and 5 years | 1.081.135 | 600.602 | 169.310 | 227.138 |
| | 2.530.318 | 1.107.559 | 461.336 | 435.242 |
| Lease obligations | 600.222 | 654.722 | 199.856 | 41.467 |

Contingent liabilities

The subsidiary in France has a pension liability of DKK 189k which is due after 5 years.

The Group provides warranty on certain products and thereby undertakes repairs or replacement of items that are not satisfactory. Other provisions are recognized at an amount of DKK 600k (2015: DKK 600k) for expected warranty claims based on past experience regarding the level of repairs and returns.

Notes to the Financial Statements

11 Related parties and ownership

| | Basis |
|--|----------------------------------|
| Controlling interest | |
| Spraying Systems Co., Wheaton, Illinois, USA | Controlling shareholder |
| Other related parties | |
| Franklin Erik Bramsen | Member of the Board of Directors |
| Mikael Larsen | Member of the Board of Directors |

Transactions

The sale and purchase of goods with group enterprises have been effected at arm's length.

The Company has an amount receivable and payables from the Parent Company, Spraying Systems Co., which carries interest based on the Eonia interest rate index.

Apart from the above, there have been no transactions with the Board of Directors, the Executive Board, executives, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

Ownership

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

Spraying Systems Co., Wheaton, Illinois, USA

Notes to the Financial Statements

| | Group | |
|---|--------------------------|--------------------------|
| | <u>2015</u> | <u>2014</u> |
| | DKK | DKK |
| 12 Cash flow statement - adjustments | | |
| Financial income | -537.321 | -520.976 |
| Financial expenses | 855.908 | 1.489.244 |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 1.045.367 | 1.036.556 |
| Tax on profit/loss for the year | -158.943 | 701.862 |
| Other adjustments | 28.726 | 31.364 |
| | <u>1.233.737</u> | <u>2.738.050</u> |
| 13 Cash flow statement - change in working capital | | |
| Change in inventories | -1.290.255 | -2.179.768 |
| Change in receivables | -896.953 | -6.092.024 |
| Change in trade payables, etc | -5.503.068 | 6.776.157 |
| | <u>-7.690.276</u> | <u>-1.495.635</u> |

Accounting Policies

Basis of Preparation

Consolidated and Parent Company Financial Statements of TeeJet Technologies Denmark ApS for 2015 have 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 remain unchanged from last year.

Consolidated and Parent Company Financial Statements for 2015 are presented in DKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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 flow 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 will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially 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 maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Accounting Policies

Leases

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.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

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 been made before year end.

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

Accounting Policies

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprises, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year less goodwill amortisation.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Accounting Policies

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

| | |
|--|-----------|
| Buildings | 20 years |
| Plant and machinery | 3-5 years |
| Other fixtures and fittings, tools and equipment | 3-7 years |

Assets costing less than DKK 12,800 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. This impairment test is performed on an annual basis for development projects in progress irrespective of any indication of impairment.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

Accounting Policies

The item "Investments in subsidiaries" in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in receivables from group enterprises and afterwards in provisions.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Fixed asset investments

Fixed asset investments, which consist of listed shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Accounting Policies

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work. Provisions with an expected maturity exceeding 1 year from the balance sheet date are discounted at the average bond yield.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Accounting Policies

Financial debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Receivables from group enterprises"

The cash flow statement cannot be immediately derived from the published financial records.

Accounting Policies

Financial Highlights

Explanation of financial ratios

Return on assets

$$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$