TeeJet Technologies Denmark ApS

Mølhavevej 2, DK-9440 Aabybro

Annual Report for 1 January - 31 December 2016

CVR No 25 49 91 82

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31/5 2017

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 2016.

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 2016 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2016.

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 2017

Direktion

Franklin Erik Bramsen	Mikael Larsen

Bestyrelse

Franklin Erik Bramsen Chairman	Mikael Larsen

Independent Auditor's Report

To the Shareholders of TeeJet Technologies Denmark ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements and the Consolidated Financial Statements of TeeJet Technologies Denmark ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 Group 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.

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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and the Consolidated Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 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 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 and the Group'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 Group's and 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated 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.

Hellerup, 31 May 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Wright	Michael Bak
State Authorised Public Accountant	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: 17th 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				
	2016	2015	2014	2013	2012
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	34.565	29.963	31.306	40.911	41.789
Operating profit/loss	3.305	-603	3.029	12.398	9.823
Net financials	1.398	-319	-968	-264	-96
Net profit/loss for the year	3.341	-763	1.359	8.909	7.249
Balance sheet					
Balance sheet total	53.889	45.455	58.576	67.191	58.825
Equity	16.650	13.307	14.091	56.732	47.815
Cash flows					
Cash flows from:					
- operating activities	-4.058	-7.018	-757	17.185	8.883
- investing activities	-353	-551	-397	-295	-637
- financing activities	2.840	9.080	-26.565	0	0
Change in cash and cash equivalents for the year	-1.570	1.511	-27.719	16.890	8.246
Number of employees	62	61	61	61	64
Ratios					
Return on assets	6,1%	-1,3%	5,2%	18,5%	16,7%
Solvency ratio	30,9%	29,3%	24,1%	84,4%	81,3%
Return on equity	22,3%	-5,6%	3,8%	17,0%	16,4%

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

Consolidated and Parent Company Financial Statements of TeeJet Technologies Denmark ApS for 2016 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.

Key activities

TeeJet Technologies Denmark ApS is based in Aabybro, Denmark and the main business activity in the Group is development, production and marketing of electronic components and systems for mobile equipment within the agricultural sector and acts as a non-exclusive distributor of the parent Company, Spraying Systems Co. products in Europe. TeeJet Technologies Denmark ApS manages the Group's sales subsidiaries in Germany, Belgium, France, UK, Poland, South Africa and Russia. The subsidiaries act as non-exclusive sales agents for Group products in their respective markets.

Development in the year

The income statement of the Group for 2016 shows a profit of DKK 3,341,254, and at 31 December 2016 the balance sheet of the Group shows equity of DKK 16,650,046.

Strategy and objectives

Strategy

The strategy is unchanged compared to previously. The strategy adopted by TeeJet Technologies Denmark ApS in relation to the precision farming market is to primarily target OEMs and simultaneously generate end-user demand. The product characteristics, which TeeJet Technologies Denmark ApS's research has shown to be most valued by its customers, are quality/reliability, simplicity, technical support and responsiveness, customer service, price, lead-time, personal credibility, account presence and native language skills of the sales people.

Nowadays, the subject of sustainability also plays an increasingly important role in the agricultural machinery industry, as is the case in almost all sectors. The term "sustainability" itself originates from the forestry sector and is thus closely associated with the agricultural machinery industry. When sustainability is demanded from agriculture, the focus is therefore on both the environment and society. Thus, the challenge is to intensify agricultural production on the existing or shrinking areas and, at the same time, cause as little environmental degradation as possible. Intelligent production methods, which have been developed in recent years and grouped under the umbrella term "precision farming", are a revolutionary step in this direction.

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

Management’s Review

Targets and expectations for the year ahead

The expectations for 2017 are on the same level 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 2016	Group 2015	Parent company 2016	Parent company 2015
		DKK	DKK	DKK	DKK
Gross profit/loss		**34.564.939**	**29.962.612**	**19.008.461**	**16.275.441**
Staff expenses	1	-30.253.550	-29.520.187	-17.587.296	-17.756.188
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-1.006.173	-1.045.367	-891.341	-934.243
Profit/loss before financial items		**3.305.216**	**-602.942**	**529.824**	**-2.414.990**
Income from investments in subsidiares		0	0	3.051.076	963.220
Financial income	3	1.539.002	537.321	82.520	419.747
Financial expenses	4	-141.343	-855.908	-121.986	-313.138
Profit/loss before tax		**4.702.875**	**-921.529**	**3.541.434**	**-1.345.161**
Tax on profit/loss for the year	5	-1.361.621	158.943	-199.282	583.457
Net profit/loss for the year		**3.341.254**	**-762.586**	**3.342.152**	**-761.704**

Distribution of profit

	Group 2016	Group 2015	Parent company 2016	Parent company 2015
	DKK	DKK	DKK	DKK
Proposed distribution of profit				
Reserve for net revaluation under the equity method	0	0	1.435.262	0
Minority interests' share of net profit/loss of subsidiaries	-898	-882	0	0
Retained earnings	3.342.152	-761.704	1.906.890	-761.704
	3.341.254	**-762.586**	**3.342.152**	**-761.704**

Balance Sheet 31 December

Assets

		Group		Parent company	
	Note	2016	2015	2016	2015
		DKK	DKK	DKK	DKK
Land and buildings		5.824.821	6.507.946	5.824.821	6.507.946
Plant and machinery		272.195	303.027	272.195	303.027
Other fixtures and fittings, tools and equipment		605.648	603.729	118.783	88.430
Property, plant and equipment	6	**6.702.664**	**7.414.702**	**6.215.799**	**6.899.403**
Investments in subsidiaries	7	0	0	7.806.836	4.176.904
Other securities and investments	8	24.300	18.434	24.300	18.434
Other receivables	8	10.450	10.062	10.450	10.062
Fixed asset investments		**34.750**	**28.496**	**7.841.586**	**4.205.400**
Fixed assets		**6.737.414**	**7.443.198**	**14.057.385**	**11.104.803**
Inventories	9	**23.637.581**	**18.796.506**	**16.610.263**	**15.444.235**
Trade receivables		15.670.384	11.395.738	15.670.384	11.395.738
Receivables from group enterprises		2.339.173	1.314.280	6.519.188	6.713.033
Other receivables		1.956.048	1.887.918	84.220	0
Deferred tax asset	11	965.461	1.200.805	1.115.794	1.315.076
Corporation tax		0	69.847	0	110.000
Prepayments	10	1.756.523	949.932	873.505	559.044
Receivables		**22.687.589**	**16.818.520**	**24.263.091**	**20.092.891**
Cash at bank and in hand		**826.341**	**2.396.676**	**65.694**	**175.290**
Currents assets		**47.151.511**	**38.011.702**	**40.939.048**	**35.712.416**
Assets		**53.888.925**	**45.454.900**	**54.996.433**	**46.817.219**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2016	Group 2015	Parent company 2016	Parent company 2015
		DKK	DKK	DKK	DKK
Share capital		2.000.000	2.000.000	2.000.000	2.000.000
Reserve for net revaluation under the equity method		0	0	1.435.262	0
Retained earnings		14.671.714	11.329.562	13.236.452	11.329.562
Equity attributable to shareholders of the Parent Company		**16.671.714**	**13.329.562**	**16.671.714**	**13.329.562**
Minority interests		-21.668	-22.566	0	0
Equity		**16.650.046**	**13.306.996**	**16.671.714**	**13.329.562**
Provisions relating to investments in group enterprises		0	0	433.947	426.996
Other provisions	12	600.000	600.000	600.000	600.000
Provisions		**600.000**	**600.000**	**1.033.947**	**1.026.996**
Lease obligations		44.919	151.866	0	0
Long-term debt	13	**44.919**	**151.866**	**0**	**0**
Lease obligations	13	43.401	0	0	0
Trade payables		3.436.255	2.633.904	1.882.099	1.172.827
Payables to group enterprises		25.006.308	21.077.721	30.230.941	26.306.726
Corporation tax		183.352	0	0	0
Other payables		7.924.644	7.684.413	5.177.732	4.981.108
Short-term debt		**36.593.960**	**31.396.038**	**37.290.772**	**32.460.661**
Debt		**36.638.879**	**31.547.904**	**37.290.772**	**32.460.661**
Liabilities and equity		**53.888.925**	**45.454.900**	**54.996.433**	**46.817.219**
Contingent assets, liabilities and other financial obligations	14				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	2.000.000	0	11.329.562	13.329.562	-22.566	13.306.996
Net profit/loss for the year	0	0	3.342.152	3.342.152	898	3.343.050
Equity at 31 December	**2.000.000**	**0**	**14.671.714**	**16.671.714**	**-21.668**	**16.650.046**

Parent company

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 January	2.000.000	0	11.329.562	13.329.562	0	13.329.562
Net profit/loss for the year	0	1.435.262	1.906.890	3.342.152	0	3.342.152
Equity at 31 December	**2.000.000**	**1.435.262**	**13.236.452**	**16.671.714**	**0**	**16.671.714**

Cash Flow Statement 1 January - 31 December

	Note	Group 2016	Group 2015
		DKK	DKK
Net profit/loss for the year		3.342.152	-761.704
Adjustments	15	1.030.375	1.233.737
Change in working capital	16	-8.954.992	-7.690.276
Cash flows from operating activities before financial income and expenses		**-4.582.465**	**-7.218.243**
Financial income		1.539.002	530.191
Financial expenses		-141.362	-848.778
Cash flows from ordinary activities		**-3.184.825**	**-7.536.830**
Corporation tax paid		-873.028	518.692
Cash flows from operating activities		**-4.057.853**	**-7.018.138**
Purchase of property, plant and equipment		-352.630	-551.330
Cash flows from investing activities		**-352.630**	**-551.330**
Change of lease obligations		-63.546	151.866
Reduction of receivebles, net to group enterprises		2.903.694	8.928.380
Cash flows from financing activities		**2.840.148**	**9.080.246**
Change in cash and cash equivalents		**-1.570.335**	**1.510.778**
Cash and cash equivalents at 1 January		2.396.676	885.898
Cash and cash equivalents at 31 December		**826.341**	**2.396.676**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		826.341	2.396.676
Cash and cash equivalents at 31 December		**826.341**	**2.396.676**

Notes to the Financial Statements

1 Staff expenses

	Group 2016 DKK	Group 2015 DKK	Parent company 2016 DKK	Parent company 2015 DKK
Wages and salaries	27.735.624	26.634.933	15.069.370	14.870.934
Pensions	1.442.657	1.316.032	1.442.657	1.316.032
Other social security expenses	143.697	139.186	143.697	139.186
Other staff expenses	931.572	1.430.036	931.572	1.430.036
	30.253.550	**29.520.187**	**17.587.296**	**17.756.188**
Average number of employees	**62**	**61**	**42**	**43**

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

	Group 2016 DKK	Group 2015 DKK	Parent company 2016 DKK	Parent company 2015 DKK
Depreciation of property, plant and equipment	1.006.173	1.045.367	891.341	934.243
	1.006.173	**1.045.367**	**891.341**	**934.243**

Notes to the Financial Statements

		Group		Parent company	
		2016	2015	2016	2015
		DKK	DKK	DKK	DKK
3	**Financial income**				
	Income from fixed asset investments	6.568	1.660	6.568	1.660
	Interest received from group enterprises	0	7.130	58.589	163.033
	Other financial income	1.516.231	528.531	1.160	255.054
	Exchange adjustments	16.203	0	16.203	0
		1.539.002	**537.321**	**82.520**	**419.747**
4	**Financial expenses**				
	Other financial expenses	141.343	134.585	121.986	133.227
	Exchange adjustments, expenses	0	721.323	0	179.911
		141.343	**855.908**	**121.986**	**313.138**
5	**Tax on profit/loss for the year**				
	Current tax for the year	1.126.227	376.809	0	0
	Deferred tax for the year	235.583	-465.854	199.521	-583.457
	Adjustment of deferred tax concerning previous years	-189	-69.898	-239	0
		1.361.621	**-158.943**	**199.282**	**-583.457**

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	4.487.649	4.030.412
Additions for the year	0	116.739	235.891
Disposals for the year	0	0	-763.175
Cost at 31 December	14.419.642	4.604.388	3.503.128
Impairment losses and depreciation at 1 January	7.911.696	4.184.623	3.426.684
Depreciation for the year	683.125	147.570	231.626
Impairment and depreciation of sold assets for the year	0	0	-760.830
Impairment losses and depreciation at 31 December	8.594.821	4.332.193	2.897.480
Carrying amount at 31 December	**5.824.821**	**272.195**	**605.648**
Depreciated over	20 years	3-5 years	3-7 years

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	4.487.649	2.076.140
Additions for the year	0	116.739	91.000
Disposals for the year	0	0	-184.410
Kostpris at 31 December	14.419.642	4.604.388	1.982.730
Impairment losses and depreciation at 1 January	7.911.696	4.184.623	1.987.710
Depreciation for the year	683.125	147.570	60.647
Impairment and depreciation of sold assets for the year	0	0	-184.410
Impairment losses and depreciation at 31 December	8.594.821	4.332.193	1.863.947
Carrying amount at 31 December	**5.824.821**	**272.195**	**118.783**
Depreciated over	20 years	3-5 years	3-7 years

Notes to the Financial Statements

		Parent company	
		2016	2015
		DKK	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	-2.036.719	-2.901.795
	Exchange adjustment	420.905	-98.144
	Net profit/loss for the year	3.051.076	963.220
	Value adjustments at 31 December	1.435.262	-2.036.719
	Equity investments with negative net asset value amortised over receivables	5.628.666	5.477.666
	Equity investments with negative net asset value transferred to provisions	433.947	426.996
	Carrying amount at 31 December	**7.806.836**	**4.176.904**

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%	-6.062.613	-179.528
TeeJet Technologies GmbH	Germany	TDKK 186	100%	1.892.039	326.141
TeeJet LH Agro Polska Spolka Z.o.o.	Poland	TDKK 97	100%	1.361.321	269.035
TeeJet London Ltd.	England	TDKK 10	100%	270.793	99.873
TeeJet Agro LH Orleans	France	TDKK 63	100%	810.268	115.342
ooo TeeJet Russia	Russia	TDKK 2	100%	3.119.567	2.366.083
TeeJet South Africa	South Africa	TDKK 0	100%	352.849	54.130

All foreign subsidiaries are recognised and measured as separate entities.

Notes to the Financial Statements

8 Other fixed asset investments

	Group		Parent company	
	Other securities and investments	Other receivables	Other securities and investments	Other receivables
	DKK	DKK	DKK	DKK
Cost at 1 January	10.290	10.062	10.290	10.062
Additions for the year	0	388	0	388
Cost at 31 December	10.290	10.450	10.290	10.450
Revaluations at 1 January	8.144	0	8.144	0
Revaluations for the year	5.866	0	5.866	0
Revaluations at 31 December	14.010	0	14.010	0
Carrying amount at 31 December	**24.300**	**10.450**	**24.300**	**10.450**

9 Inventories

	Group		Parent company	
	2016	2015	2016	2015
	DKK	DKK	DKK	DKK
Raw materials and consumables	11.548.052	10.147.824	11.548.052	10.147.824
Finished goods and goods for resale	12.089.529	8.648.682	5.062.211	5.296.411
	23.637.581	**18.796.506**	**16.610.263**	**15.444.235**

10 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

Notes to the Financial Statements

	Group		Parent company	
	2016	2015	2016	2015
	DKK	DKK	DKK	DKK
11 Deferred tax asset				
Deferred tax asset at 1 January	1.200.805	734.950	1.315.076	731.620
Amounts recognised in the income statement for the year	-235.583	465.854	-199.521	583.457
Amounts recognised in equity for the year	239	1	239	-1
Deferred tax asset at 31 December	**965.461**	**1.200.805**	**1.115.794**	**1.315.076**

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next three to four years.

12 Other provisions

The Group provides warranties on certain products and thereby undertakes repairs or replacement of items which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of DKK 600k (2015: DKK 600k) have been recognised for expected warranty claims.

Warranty accruals	600.000	600.000	600.000	600.000
	600.000	**600.000**	**600.000**	**600.000**

13 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Lease obligations

Between 1 and 5 years	44.919	151.866	0	0
Long-term part	44.919	151.866	0	0
Within 1 year	43.401	0	0	0
	88.320	**151.866**	**0**	**0**

14 Contingent assets, liabilities and other financial obligations

	Group		Parent company	
	2016	2015	2016	2015
	DKK	DKK	DKK	DKK
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	1.537.870	1.449.183	229.297	292.026
Between 1 and 5 years	1.574.718	1.081.135	266.236	169.310
	3.112.588	**2.530.318**	**495.533**	**461.336**
Lease obligations	521.528	600.222	104.045	199.856

Other contingent liabilities

The subsidiary in France has a pension liability of DKK 225k which is due after 5 years.

Notes to the Financial Statements

	Group	
	2016	2015
	DKK	DKK

15 Cash flow statement - adjustments

	2016 DKK	2015 DKK
Financial income	-1.539.002	-537.321
Financial expenses	141.343	855.908
Depreciation, amortisation and impairment losses, including losses and gains on sales	1.006.173	1.045.367
Tax on profit/loss for the year	1.361.621	-158.943
Other adjustments	60.240	28.726
	1.030.375	**1.233.737**

16 Cash flow statement - change in working capital

	2016 DKK	2015 DKK
Change in inventories	-4.841.075	-1.290.255
Change in receivables	-5.156.519	-896.953
Change in trade payables, etc	1.042.602	-5.503.068
	-8.954.992	**-7.690.276**

Notes, Accounting Policies

Basis of Preparation

The Annual Report of TeeJet Technologies Denmark ApS for 2016 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 remain unchanged from last year.

Consolidated and Parent Company Financial Statements for 2016 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.

Notes, Accounting Policies

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, TeeJet Technologies Denmark ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

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

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

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.

Notes, Accounting Policies

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 is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

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.

Notes, Accounting Policies

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment 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.

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.

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.

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

Depreciation period and residual value are reassessed annually.

Notes, Accounting Policies

Assets costing less than DKK 12,900 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. If so, the asset is written down to its lower recoverable amount.

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.

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.

Fixed asset investments

Fixed asset investments, which consist of listed bonds and 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.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Notes, Accounting Policies

Other fixed asset investments

Other fixed asset investments consist of deposit related to rent for the Parent Company.

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.

Prepayments

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

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.

Notes, Accounting Policies

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.

Financial debts

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

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.

Notes, Accounting Policies

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

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

Financial Highlights

Explanation of financial ratios

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

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