KYOCERA UNIMERCO A/S

Drejervej 2, 7451 Sunds, Denmark
Company reg. no. 26 77 69 10

Annual Report for the period
1 April 2017 – 31 March 2018

Approved at the General Meeting 31-08-2018

Chairman: ______________________

COMPANY DETAILS

KYOCERA UNIMERCO A/S
Drejervej 2
DK-7451 Sunds

Telephone:	97 14 14 11
Telefax:	97 14 14 86
Website:	www.kyocera-unimerco.com
E-mail:	umdk@kyocera-unimerco.com
Company reg. no.:	26 77 69 10

Ownership structure
The company is 100% owned by:
KYOCERA Fineceramics GmbH, Germany

Board of Directors
Ken Ishii, Chairman
Shigeru Koyama
Koichi Kano
Senri Nagashima
Shoji Gotoda
Peer Ditlev
Lise Rahbek Laursen

Management
Shigeru Koyama, Chairman
Senri Nagashima, President
Shoji Gotoda, Vice President

Financial year
1 April – 31 March

Auditors
PricewaterhouseCoopers

Bankers
Danske Bank

Lawyers
PLESNER, Copenhagen

General Meeting
The company's General Meeting will be held in the company's office Friday August 31, 2018.

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KEY FIGURES

DKK '000	13/14	14/15	15/16	16/17	17/18
Revenue	907.240	944.596	1.013.475	1.052.452	1.126.933
Expenses	814.816	842.765	936.710	966.958	1.028.610
EBITDA	134.096	140.256	120.282	125.852	138.949
EBIT	92.424	101.831	76.765	85.494	98.323
Financial items	-3.977	1.088	-3.283	-4.301	-6.386
EBT	88.447	102.919	73.482	81.193	91.937
Net profit	63.435	73.146	49.697	57.108	64.726
Fixed assets	271.012	244.776	245.600	241.513	225.563
Current assets	486.518	522.453	518.553	581.134	638.887
Total assets	757.530	767.229	764.153	822.647	864.450
Share capital	153.000	153.000	153.000	153.000	153.000
Equity	530.487	620.572	627.926	663.695	696.196
Provisions	28.623	27.002	22.075	24.272	24.524
Non-current liabilities	2.584	2.439	2.568	2.823	4.250
Current liabilities	195.836	117.216	111.584	131.857	139.480
Cash flow from operating acitivities	80.926	90.714	71.734	67.845	100.308
Cash flow from investing activities	-23.413	-1.430	-52.636	-16.253	-33.529
Of this investment in tangible fixed assets	*-16.807*	*-12.915*	*-22.268*	*-35.957*	*-35.367*
Cash flow from financing activities	-12.608	-142.023	-22.699	-42.069	-91.098
Change in cash for the year	44.905	-52.739	-3.601	9.523	-24.319
Cash, end of period	183.631	139.884	131.845	139.932	113.861
Average no. of employees	582	589	662	666	675
Profit margin	10,2	10,8	7,6	8,1	8,7
Return on invested capital p.a.	24,3	23,6	15,0	16,1	17,2
Gross margin ratio	38,6	38,9	37,1	37,1	36,4
Return on equity p.a.	13,1	12,7	8,0	8,8	9,5
Equity ratio	70,0	80,9	82,2	80,7	80,5

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines concerning the calculation of financial ratios.

GROUP MANAGEMENT REPORT

Core activities
KYOCERA UNIMERCO is a consulting, sales, manufacturing and service company within cutting tools for manufacturers, measuring and calibration, and fastening products for the building and construction industries.

Development in the year
This year the Group's revenue ended at DKK 1.127 million. The profit before tax ended at DKK 92 million. The largest part of the revenue comes from markets outside Denmark and in 2017/2018 80% of the revenue comes from markets outside Denmark.

The market conditions have in general been positive with good growth rates in most of our markets which have a positive impact in revenue and profit which both has increased more than expected. We expect to see a continued stable growth in revenue and profitability in 2018/2019.

Development in revenue
The revenue of DKK 1.127 million represents a growth rate of 7,1% compared to 2016/2017. Our total revenue has been negative affected by decrease in the value of SEK, NOK, USD and GBP. We consider the growth in revenue to be on a satisfactory level.

Development in profit
Profit before tax increased from DKK 81 million in 2016/2017 to DKK 92 million in 2017/2018 representing an increase of 13%. The profit has been negative impacted by currency loss of DKK 6M mainly in TRY relating to Inter Company loan to our Turkish Joint Venture company. The Loan has been converted to equity in March 2019.

The improvement in profitability is at a satisfactory level.

Acquisitions and investment
During the year, no acquisitions has taken place. We have invested DKK 37 million mainly in machines which is slightly below last year investment level.

Equity and liquidity
Equity increased by DKK 33 million, from DKK 663 million to DKK 696 million. Profit for the year increased equity by DKK 65 million, while exchange rate adjustment of the equity in the subsidiaries decreased equity by DKK 18 million. Dividend payment reduced equity by DKK 20 million. Capital increase in the Turkish joint venture increased equity by DKK 6 million. The equity ratio is 81%.

Liquidity decreased from DKK 140 million to DKK 114 million due to deposit of excess cash DKK 78M in the group cash pool.

Risks
The Group has companies and activities in several countries, which means that profit, cash flow and equity are impacted by foreign exchange rates and interest developments for a number of currencies. Basically, the Group does not hedge neither commercial currency risks nor currency risk relating to investment in subsidiaries or joint ventures. The Group does not enter into speculative currency or interest hedging.

The liquidity risk is limited, since the Group has a high equity ratio, cash on hand, and access to internal financing in Kyocera Group if needed.

Product and process development, environment and education
During the year, the company has expanded its competency, capacity and capability in relation to developing new products and new versions of existing solutions. This mainly happens in development projects together with large international customers.

As regards environment and quality, all certified Tooling companies in the Group have retained their ISO and environmental certificates in all audits.

The company's education and competence level has improved this financial year, partly due to new employments and partly due to internal education activities.

Mandatory statement on social responsibility under section 99(a) of the Danish Financial Statements Act

Please refer to the CSR policies of the ultimate parent company Kyocera Corporation, which apply to Kyocera Corporation and Kyocera Group companies, as well as all executive officers and employees. The guidelines can be obtained from the Kyocera Group website on the following link: https://global.kyocera.com/ecology/index.html.
The goals and results of Kyocera Corporation' CSR activities can be obtained from the Kyocera Group website on the following link: https://global.kyocera.com/ecology/goal.html.

The full 2018 CSR report of the ultimate parent company Kyocera Corporation, which is prepared in accordance with the UN Global Compact guidelines will be published in English in October. The report can be obtained from the Kyocera Group website on the following link: https://global.kyocera.com/ecology/catalog.html.

Mandatory statement on the underrepresented gender under section 99(b) of the Danish Financial Statements Act
The company has postponed the goal that 40% of the board members should be female from 2019 to 2020. The reason for the postponement is due to a reorganization of the board. There has been no change in the current board in this financial year because of the future reorganization plan. At present, one out of seven board members is female.

Since the company has less than 50 employees, and since each subsidiary accounts for its own policy and activity to increase the number of women in the management group, the company is exempted to account for its policy on increasing the number of women in the management group.

Expectations for the coming year
The general market conditions seem to continue on a relative high growth level the coming months. We expect to be able to increase both sales and profit next year between 2% and 10%.

Events after reporting period
No events have occured after the reporting period of importance to the parent or the consolidated financial statements.

General Meeting and dividend
The Annual General Meeting will be held on 31 August 2018 at the Group's head office at Drejervej 2, DK-7451 Sunds, Denmark. The Board of Directors will propose to the Annual General Meeting that DKK 25,471,000 be distributed as dividend for the 2017/18 financial year.

MANAGEMENT'S STATEMENT

The Board of Directors and the Management have today considered and adopted the Annual Report of KYOCERA UNIMERCO A/S for the financial year 1 April 2017 - 31 March 2018.

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

We consider the accounting policies applied appropriate, and thus the Annual Report provides a true and fair view of the Company's and the Group's assets, liabilities and financial position as of 31 March 2018, and of the results of the Company's and the Group's activities and the Group's cash flows for the period 2017/18.

We are also of the opinion that the Management's report provides a true and fair account of the development in the Group's and the Company's activities and financial conditions, profit for the year and the Group's and the Company's financial position.

We recommend the Annual Report for adoption at the General Meeting.

Sunds, 31 August 2018

Management

Shigeru Koyama
Chairman

Senri Nagashima
President

Shoji Gotoda
Vice President

Board of Directors

Ken Ishii
Chairman

Shigeru Koyama

Koichi Kano

Senri Nagashima

Shoji Gotoda

Peer Ditlev

Lise Rahbek Laursen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of KYOCERA UNIMERCO A/S

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 March 2018, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 April 2017 - 31 March 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of KYOCERA UNIMERCO A/S for the financial year 1 March 2017 - 31 March 2018, 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 ("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 Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

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 Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Group and the Parent 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.

Aarhus, 31 August 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Trangeled Kristensen
State Authorised Public Accountant
mne23333

Christian Skriver Bertelsen
State Authorised Public Accountant
mne36171

ACCOUNTING POLICIES

Basic principles

The Annual Report for KYOCERA UNIMERCO A/S for 2017/18 is presented in accordance with the requirements of the Danish Financial Statements Act for class C companies (large).

The accounting policies applied in this Annual Report are unchanged from last year.

In general

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

Liabilities are recognised in the balance sheet when they are probable and when they can be measured reliably.

Initial recognition of assets and liabilities is done at cost price. Subsequently, assets and liabilities are measured as described below for each item.

Certain financial assets and liabilities are measured at amortised cost price, which means a constant true interest is recognised. Amortised cost is calculated as initial cost less any instalments and addition/deduction of the accumulated amortisation of the difference between cost and nominal value. Consequently, the capital gains and losses are allocated over the expected useful lives.

When recognising and measuring, allowance is made for any profits, losses and risks that become known before the financial statements are presented and which confirm or deny conditions, which existed on the balance sheet date.

Income is recognised in the income statement when earned – this includes recognition of value adjustments of financial assets and liabilities which are measured at fair value or amortised cost. Furthermore, all costs incurred to achieve the profit for the year – including depreciation, write-downs and provisions – are recognised in the income statement along with reversal of amounts, which have previously been recognised in the income statement, due to changes in accounting estimates.

Consolidated financial statements

The consolidated financial statements comprise the parent company KYOCERA UNIMERCO A/S and the subsidiaries in which the Group holds more than 50% of the voting rights or, in any other way, holds controlling interest. Companies in which the Group holds between 20% and 50% of the voting rights and has a significant but not a controlling interest are considered as associated companies. In the process of consolidation, intra-group income and expenses, shareholdings, dividends, balances and unrealised intra-group profits and losses have been eliminated.

The accounting principles applied in the foreign subsidiaries have been adjusted to the Group's accounting principles.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Recently acquired subsidiaries are included in the consolidated financial statements as from the date of acquisition. Companies sold are included until the date of sale. Comparative figures are not adjusted for newly acquired or sold companies.

Purchases of new companies are accounted for using the purchase method of accounting, according to which the assets and liabilities of the newly acquired companies are measured at fair value at the time of acquisition. Provision is made for liabilities relating to any restructurings decided and published in the acquired company in connection with the purchase. Account is taken of the tax effect of the undertaken revaluations.

ACCOUNTING POLICIES

Positive balances (goodwill) between the cost and fair value of identified assets and liabilities acquired, including restructuring provisions, are recognised under intangible assets and amortised systematically through the income statement based on an individual assessment of the economic life of the asset.

Negative balances (negative goodwill) reflecting an anticipated unfavourable trend in the companies concerned are offset against positive balances and subsequently recognised in the income statement in line with the realisation of the unfavourable trend.

Group internal business combinations
The pooling of interest method is applied on investments and divestures, mergers etc. of participating companies under the control of the parent company. Differences in the amounts between the cost price and the booked value of the acquired business are recognized directly in equity. Comparative figures are adjusted in accordance with the business combination.

Translation of foreign currency
Transactions in foreign currency during the year have been booked during the year at the exchange rate effective on the date of transaction. Exchange differences arising from the difference between the exchange rate on the transaction date and the exchange rate prevailing at the balance sheet date are recognised in the income statement.

Receivables, payables and other monetary items in foreign currency, which have not been settled on the balance sheet date, are translated using the closing rate. The difference between the exchange rate of the balance sheet date and the exchange rate when the receivable or debt was incurred or recognised in the latest annual report is recognised in the income statement under financial items.

Non-current assets purchased in foreign currency are translated using the rate of exchange on the date of transaction.

Foreign subsidiaries and associated companies are considered as independent units. When recognising foreign subsidiaries and associated companies, the income statement is translated using the average exchange rate for the month. The balance sheet items are translated using the closing rate. Exchange rate differences deriving from translation of the foreign companies' equity at the beginning of the financial year using the closing rates, and the differences owing to the translation of income statements from the date of transaction to closing rates, are all recognised directly in the equity.

Income statement

Revenue
The revenue related to goods for resale and manufactured goods is recognised in the income statement provided that delivery and passing of the risk have taken place before the end of the financial year, and provided that the income can be stated reliably and is expected to be received. Revenue is recognised ex. VAT, taxes and discounts related to sales.

Production expenses
Production expenses comprise expenses, including depreciation salaries/wages, incurred to achieve the revenue for the year. The trading activities include cost of sales, and the manufacturing activities include production expenses corresponding to the revenue for the year.

Production expenses also include R&D expenses that do not meet the criteria for capitalisation, along with depreciation on capitalised development expenses.

ACCOUNTING POLICIES

Distribution expenses
Distribution expenses comprise expenses regarding sales and distribution personnel, market development expenses, other sales promotion expenses, expenses related to sales risks, etc., including depreciation.

Administrative expenses
Administrative expenses comprise expenses regarding administrative staff, management and office expenses, etc., including depreciation. Administrative expenses also comprise other overheads regarding IT, including technical IT, human resource development, training and education and the company canteen.

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.

Profit or loss on investments in subsidiaries
The income statement of the parent company recognises the proportionate share of the profit or loss after tax of each individual subsidiary after full elimination of intercompany gains/losses.

Financial items
Financial income and expenses include interest income and expenses, exchange gains and losses on securities, amortisation of financial assets and liabilities, as well as surcharges and allowances under the tax prepayment scheme.

Tax on profit for the year
Tax for the year, which includes the year's anticipated tax liability on taxable earnings and changes in deferred tax, is recognised in the income statement with the share that is directly attributable to the result for the year and directly on equity with the share, which can be attributed to entries made directly to the equity.

The parent company is taxed jointly with the Danish subsidiaries and other Danish entities in the Kyocera group, and some of the foreign subsidiaries continue to influence the joint taxation. Provisions are made for full tax in all Danish subsidiaries. The difference between the calculated tax on income subject to joint taxation and the tax provided for in the subsidiaries is provided for in the financial statements of the parent company.

Balance sheet

Intangible fixed assets

Acquired rights
Patents and trademarks are measured at cost price with the deduction of accumulated depreciation and write-downs. Patents and trademarks are amortised on a straight-line basis over the expected useful life.

Depreciation of investments in software purchased to improve and streamline routines, processes, etc., is amortised on a straight-line basis over a period of 5 years. Software upgrades and updates are written off immediately.

Goodwill
Goodwill is amortised over its expected economic life, which is determined on the basis of management's experience within the individual business areas. Goodwill is amortised on a straight-line basis over the period of amortisation.

The amortisation period for goodwill currently capitalised equals 3-10 years.

ACCOUNTING POLICIES

Tangible fixed assets
Plant and equipment are measured at acquisition cost less accumulated depreciation. Land is not depreciated.

Interest related to loans financing production of tangible fixed assets, and which concerns the production period, is recognised in the income statement.

Depreciation on buildings and installations is carried out on a straight-line basis over the estimated useful lives of the assets, which have been fixed at 25 years.

Plant and machinery as well as vehicles, fixtures, fittings, tools and equipment are depreciated over 5 years with the following profile in per cent of the cost value:

Year 1:	40.0%
Year 2:	24.0%
Year 3:	14.4%
Year 4:	10.8%
Year 5:	10.8%

However, desktop computers and laptops are depreciated over 3 years using the straight-line method.

Lease agreements
At the time of purchase, financially leased assets are recognised in the balance sheet at market value or at the current value of the future lease payments, if lower. When calculating the current value, the lease agreement's internal rate of return is used as discount factor, or an approximate value for this. Financially leased assets are depreciated as other tangible fixed assets.

Decrease in value of assets
The accounting values of tangible as well as intangible fixed assets are calculated annually for indications of decrease in value beyond that which is expressed by depreciation. If there are indications of decrease in value, impairment tests are made of each individual asset or group of assets. The assets are written down to recoverable amount if this is lower than the accounting value.

Fixed asset investments
Investments in subsidiaries are measured at equity value in the balance sheet of the parent company with additions or deductions of intra-group profits or losses and non-amortised goodwill calculated according to the acquisition method.

Investments in associated companies are measured at the proportionate share of the equity value in the balance sheets of the parent company and the Group in accordance with the Group's accounting policies, with additions or deductions of unrealised profits or losses and non-amortised goodwill calculated according to the acquisition method.

Listed and non-listed shares recognised under investments are measured at fair value.

Current assets

Inventories
Inventories are recognised at cost, using the FIFO method or net realisation value, if lower.

The cost of goods for resale, raw materials and other materials comprises the purchase price plus delivery costs. The cost of manufactured goods and work in progress comprises the costs for raw materials, other materials and direct labour costs as well as indirect production costs.

ACCOUNTING POLICIES

Indirect production costs comprise indirect materials and labour costs, costs for maintenance of and depreciation on machinery, factory buildings and equipment applied in the production process as well as costs for factory administration and management.

The net realisable value of inventories is calculated as the selling price less cost of completion and costs for executing the sale, and it is fixed in consideration of negotiability, obsolescence and the development in expected sales price.

Receivables
Receivables are measured at amortised cost. Writing down for anticipated uncollectible is carried out.

Prepayments and deferred income
Prepayments recognised under assets comprise incurred costs related to the following financial year.

Equity

Dividend
Proposed dividend is recognised as a liability in the accounts when approved at the General Meeting (the time of announcement). The expected dividend is shown as a separate item under equity.

Provisions

Deferred tax and corporation tax
Provision for deferred tax is calculated according to the debt method on the basis of all temporary differences between the tax and accounting values of assets and liabilities. Deferred tax is measured on the basis of the planned use of the asset as well as the planned settlement of the obligation.

In the calculation of deferred tax, the tax base of possible losses and provisions etc. is entered if it is likely that these can be included in future tax results.

If the deferred tax constitutes a positive amount, this is entered in the balance sheet as a deferred tax asset. Deferred tax is measured on the basis of the tax rules and tax rates in force in the individual countries.

Corporation tax is recognised along with the tax expected to be imposed on taxable profit for the year less tax paid on account.

Liabilities
Debt to mortgage credit institutions and credit institutions is recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, the financial liabilities are recognised at amortised cost corresponding to the capitalised value using the effective interest rate, so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, comprising trade payables and other payables, are measured at amortised cost, which essentially equals the nominal value.

Deferred income
Deferred income recognised under liabilities comprises received payments related to income in the following financial years.

ACCOUNTING POLICIES

Cash flow statement
The cash flow statement shows the company's cash flow for the year, allocated on operating activity, investment activity and financing activity for the year, change in liquid assets for the year and the company's liquid assets at the beginning and end of the financial year.

Cash flow from operating activities
Cash flow from operating activities is calculated as result for the year adjusted for non-cash operating items, changes to working capital as well as corporation tax paid.

Cash flow from investing activities
Cash flow from investing activities comprises cash flows related to purchase and sale of companies and activities as well as purchase and sale of intangible, tangible and financial fixed assets.

Cash flow from financing activities
Cash flow from financing activities comprises changes in size or composition of the company's share capital and related costs as well as raising of loans, repayment on interest-bearing debt as well as distribution of dividend to the shareholders.

Segment information
Segment information on business segments and geographical markets is provided. The segment information follow the Group's accounting policies, risks and internal corporate management accounting.

Liquid funds
Liquid funds cover cash at bank and in hand.

Financial ratios
Financial ratios have been prepared in accordance with the 2015 guidelines of the Danish Society of Financial Analysts concerning the calculation of financial ratios.

The financial ratios mentioned in the section "Key figures" have been calculated as follows:

Profit ratio	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}}$
Invested capital	Operational intangible and tangible fixed assets and net working capital
Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average Equity}}$
Equity ratio	$\frac{\text{Equity (end of period)} \times 100}{\text{Liabilities, total (end of period)}}$

INCOME STATEMENT FOR THE PERIOD 1 APRIL 2017 – 31 MARCH 2018

		Group		Parent company	
Note	DKK '000	2017/18	2016/17	2017/18	2016/17
1	**Revenue**	1.126.933	1.052.452	0	0
2	Production expenses	-716.661	-662.328	0	0
	Gross profit	**410.272**	**390.124**	**0**	**0**
2	Distribution expenses	-242.783	-228.561	0	0
2,3	Administrative expenses	-72.037	-78.046	-12.905	-15.168
	Other operating income	2.951	2.044	4.881	5.502
	Other operating costs	-80	-67	0	0
	Operating profit/loss	**98.323**	**85.494**	**-8.024**	**-9.666**
4	Profit after tax in subsidiaries	0	0	72.240	66.207
5	Financial income	1.140	4.453	353	930
6	Financial expenses	-7.526	-8.755	-560	-128
	Profit before income tax	**91.937**	**81.193**	**64.009**	**57.343**
7	Tax on profit for the year	-27.211	-24.085	974	101
	Profit for the period	**64.726**	**57.108**	**64.983**	**57.444**

BALANCE SHEET AS OF 31 MARCH 2018

Note	DKK '000	Group 31/3 2018	Group 31/3 2017	Parent company 31/3 2018	Parent company 31/3 2017
	ASSETS				
	Acquired rights	19.021	24.871	0	0
	Goodwill	8.626	12.722	0	0
	Development projects in progress and prepayments	131	158	0	0
8	**Intangible fixed assets**	**27.778**	**37.751**	**0**	**0**
	Land and buildings	139.524	152.819	0	0
	Plant and machinery	36.115	36.887	0	0
	Other fixtures and fittings, tools and equipment	12.031	12.893	0	0
	Property, plant and equipment in progress	9.875	469	0	0
9	**Property, plant and equipment**	**197.545**	**203.068**	**0**	**0**
10	Investment in subsidiaries	0	0	611.704	626.233
10	Other investments	240	694	240	694
	Fixed assets investments	**240**	**694**	**611.944**	**626.927**
	FIXED ASSETS	**225.563**	**241.513**	**611.944**	**626.927**
	Raw materials and consumables	16.652	17.767	0	0
	Work in progress	6.560	5.741	0	0
	Manufactured goods and goods for resale	141.822	124.915	0	0
	Inventories	**165.034**	**148.423**	**0**	**0**
	Trade receivables	178.306	189.732	0	0
	Receivables from group enterprises	133.276	52.213	135.046	77.762
	Corporation tax	20.144	17.628	15.445	10.957
	Other receivables	12.425	15.191	56	37
11	Deferred tax assets	4.448	5.491	0	0
12	Prepayments	11.202	12.382	54	24
	Receivables	**359.801**	**292.637**	**150.601**	**88.780**
	Current asset investments	**191**	**142**	**0**	**79**
	Cash at bank and in hand	**113.861**	**139.932**	**17.496**	**33.915**
	CURRENT ASSETS	**638.887**	**581.134**	**168.097**	**122.774**
	ASSETS	**864.450**	**822.647**	**780.041**	**749.701**

BALANCE SHEET AS OF 31 MARCH 2018

Note	DKK '000	Group 31/3 2018	Group 31/3 2017	Parent company 31/3 2018	Parent company 31/3 2017
	LIABILITIES				
	Share capital	153.000	153.000	153.000	153.000
	Retained earnings	511.768	489.909	511.768	489.909
	Proposed dividend	25.471	19.657	25.471	19.657
	Equity attributable to owner of KYOCERA UNIMERCO A/S	**690.239**	**662.566**	**690.239**	**662.566**
	Non-controlling interest	5.957	1.129	0	0
13,14	**EQUITY**	**696.196**	**663.695**	**690.239**	**662.566**
15	Provision for deferred tax	24.524	24.272	14.664	15.456
	PROVISIONS	**24.524**	**24.272**	**14.664**	**15.456**
	Leasing commitments	4.250	2.823	0	0
16	**Non-current liabilities**	**4.250**	**2.823**	**0**	**0**
16	Leasing commitments	1.671	968	0	0
	Payables to group enterprises	29.113	25.068	73.448	70.137
	Trade payables	38.043	42.338	0	0
	Corporation tax	10.156	7.439	0	0
	Other payables	60.497	56.044	1.690	1.542
	Current liabilities	**139.480**	**131.857**	**75.138**	**71.679**
	LIABILITIES	**143.730**	**134.680**	**75.138**	**71.679**
	LIABILITIES AND EQUITY	**864.450**	**822.647**	**780.041**	**749.701**

18 **Contingent liabilities and other financial obligations**
19 **Related parties**

STATEMENT OF CHANGES IN EQUITY, GROUP AND PARENT COMPANY

Group

Note	DKK '000	Share capital	Retained earnings	Proposed dividend	Non-controlling interest	Total
	Equity at 1 April 2016	**153.000**	**456.621**	**16.619**	**1.686**	**627.926**
	Exchange rate adjustment of subidiaries	0	-4.499	0	-221	-4.720
	Dividend paid	0	0	-16.619	0	-16.619
	Net profit for the year	0	37.787	19.657	-336	57.108
13,14	**Equity at 31 March 2017**	**153.000**	**489.909**	**19.657**	**1.129**	**663.695**
	Exchange rate adjustment of subidiaries	0	-17.653	0	-504	-18.157
	Addition	0	0	0	5.589	5.589
	Dividend paid	0	0	-19.657	0	-19.657
	Net profit for the year	0	39.512	25.471	-257	64.726
13,14	**Equity at 31 March 2018**	**153.000**	**511.768**	**25.471**	**5.957**	**696.196**

Parent company

Note	DKK '000	Share capital	Retained earnings	Proposed dividend	Total
	Equity at 1 April 2016	**153.000**	**456.621**	**16.619**	**626.240**
	Exchange rate adjustment of subidiaries	0	-4.499	0	-4.499
	Dividend paid	0	0	-16.619	-16.619
	Net profit for the year	0	37.787	19.657	57.444
13,14	**Equity at 31 March 2017**	**153.000**	**489.909**	**19.657**	**662.566**
	Exchange rate adjustment of subidiaries	0	-17.653	0	-17.653
	Dividend paid	0	0	-19.657	-19.657
	Net profit for the year	0	39.512	25.471	64.983
13,14	**Equity at 31 March 2018**	**153.000**	**511.768**	**25.471**	**690.239**

CASH FLOW STATEMENT FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018

Note	DKK '000	Group 2017/18	Group 2016/17
	Revenue	1.126.933	1.052.452
	Expenses	-990.437	-928.590
17	**Cash flows from operating activities before change in working capital**	**136.496**	**123.862**
	Change in inventories	-18.798	-11.536
	Change in receivables	9.040	-36.587
	Change in payables	5.465	29.026
	Cash flows from operating activities before financial items	**132.203**	**104.765**
	Financial items, net	-6.140	-4.339
	Corporation tax paid	-25.755	-32.581
	Cash flows from operating activities	**100.308**	**67.845**
	Purchase of intangible fixed assets	-1.412	-4.416
	Purchase of tangible fixed assets	-35.367	-35.957
	Sale of tangible fixed assets	3.093	24.077
	Purchase/sales of financial fixed assets	157	43
	Cash flows from investing activities	**-33.529**	**-16.253**
	Shareholders:		
	Dividend paid	-19.657	-16.619
	Non-controlling interest	4.492	0
	Participation in group cash pool	-78.332	-25.986
	Debt financing:		
	Increase of debt to credit institutions etc.	4.071	2.520
	Repayment of debt	-1.672	-1.984
	Cash flow from financing activities	**-91.098**	**-42.069**
	Change in cash and cash equivalents	**-24.319**	**9.523**
	Cash and cash equivalents at the beginning of the year	139.932	131.845
	Currency adjustments relating to subsidiaries	-1.752	-1.436
	Cash and cash equivalents at year end	**113.861**	**139.932**

The cash flow statement cannot be derived directly from the consolidated financial statements.

Note	DKK '000	Group 2017/18	Group 2016/17	Parent company 2017/18	Parent company 2016/17
1	**Revenue**				
	Revenue grouped by geographical markets				
	Europe	959.294	889.451	0	0
	North and South America	98.388	105.739	0	0
	Asia	68.337	56.201	0	0
	Rest of the world	914	1.061	0	0
		1.126.933	**1.052.452**	**0**	**0**
	Revenue grouped by segment:				
	Tooling	894.273	845.333	0	0
	Fastening	232.660	207.119	0	0
		1.126.933	**1.052.452**	**0**	**0**
2	**Staff expenses**				
	Wages and salaries	279.100	270.521	6.139	6.965
	Pension expenses	18.150	17.589	87	95
	Other expenses for social security	20.832	20.195	27	32
		318.082	**308.305**	**6.253**	**7.092**
	Average number of employees	**675**	**666**	**5**	**5**

Consideration for Management of the parent company for the period is DKK 3,284 thousand (2016/17: DKK 3,657 thousand) and for the Board DKK 0 thousand (2016/17: DKK 0 thousand).

Note	DKK '000	Group 2017/18	Group 2016/17	Parent company 2017/18	Parent company 2016/17
3	**Fees for auditors appointed by the General Meeting**				
	Total fee for PricewaterhouseCoopers				
	Auditing	1.448	1.437	157	152
	Other assurance tasks	102	94	74	79
	Tax consultancy	300	203	0	145
	Other services	82	81	25	81
		1.932	**1.815**	**256**	**457**

Note	DKK '000	Parent company 2017/18	Parent company 2016/17
4	**Profit after tax in subsidiaries**		
	Profits in subsidiaries	104.690	94.993
	Deficits in subsidiaries	-510	-703
	Tax in subsidiaries	-28.010	-24.153
	Consolidated goodwill amortisation	-3.930	-3.930
		72.240	**66.207**

		Group		Parent company	
		2017/18	2016/17	2017/18	2016/17
5	**Financial income**				
	Interst received from group enterprises	0	0	305	550
	Income from fixed asset investments	32	36	32	36
	Other financial income	1.108	4.417	16	344
		1.140	**4.453**	**353**	**930**
6	**Financial expenses**				
	Interest paid to group enterprises	0	0	-60	-110
	Loss from fixed asset investments	-273	0	-273	0
	Other financial expenses	-7.253	-8.755	-227	-18
		-7.526	**-8.755**	**-560**	**-128**

		Group		Parent company	
Note	DKK '000	2017/18	2016/17	2017/18	2016/17
7	**Tax on profit for the year**				
	Current tax for the year	25.018	20.286	-213	563
	Change in deferred tax liabilities for the year	559	669	-897	-2.072
	Change in deferred tax assets for the year	1.453	4.131	0	0
	Adjustment of write-down on deferred tax assets	0	-424	0	0
	Tax relating to previous years	181	-577	136	1.408
		27.211	**24.085**	**-974**	**-101**
	Tax on profit for the year can be specified as:				
	Tax on profit for the year	20.226	17.862	14.082	12.615
	Higher/lower tax rate of foreign subsidiaries	3.068	5.269	0	0
	Tax effect of:				
	Reduction of tax rates	658	503	0	0
	Non-taxable income	-157	-673	-7	-8
	Non-taxable result in subsidiaries	0	0	-15.893	-14.566
	Non-deductible amortisation of goodwill	701	767	0	0
	Other non-deductible expenses	1.902	962	75	52
	Adjustment of write-down on deferred tax receivable	0	-426	0	0
	Dividend tax subsidiaries	633	398	633	398
	Adjustment of retaxable value re. jointly taxed income	288	1.500	288	1.500
	Tax relating to previous years	-108	-2.077	-152	-92
		27.211	**24.085**	**-974**	**-101**

Note **DKK '000**

8 Intangible fixed assets, group

	Acquired rights	Goodwill	Intangible fixed assets in progress	Total
Cost at 1 April 2017	66.545	118.847	158	185.550
Exchange adjustment	-1.503	19	0	-1.484
Additions for the year	1.439	0	128	1.567
Disposals for the year	-2.050	0	-155	-2.205
Cost at 31 March 2018	**64.431**	**118.866**	**131**	**183.428**
Amortisation at 1 April 2017	41.674	106.125	0	147.799
Exchange adjustment	-152	10	0	-142
Amortisation for the year	5.938	4.105	0	10.043
Reversal of amortisation of disposed assets	-2.050	0	0	-2.050
Amortisation at 31 March 2018	**45.410**	**110.240**	**0**	**155.650**
Carrying amount at 31 March 2018	**19.021**	**8.626**	**131**	**27.778**
Carrying amount at 31 March 2017	24.871	12.722	158	37.751

9 Property, plant and equipment, group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Tangible fixed assets in progress	Total
Cost at 1 April 2017	260.489	324.585	51.039	469	636.582
Exchange adjustment	-11.084	-10.600	-1.626	0	-23.310
Additions for the year	941	18.705	6.315	9.817	35.778
Disposals for the year	0	-16.563	-5.759	-411	-22.733
Cost at 31 March 2018	**250.346**	**316.127**	**49.969**	**9.875**	**626.317**
Depreciation at 1 April 2017	107.670	287.698	38.146	0	433.514
Exchange adjustment	-3.573	-9.081	-1.137	0	-13.791
Depreciation for the year	6.725	17.721	6.137	0	30.583
Reversal of depreciation of disposed assets	0	-16.326	-5.208	0	-21.534
Depreciation at 31 March 2018	**110.822**	**280.012**	**37.938**	**0**	**428.772**
Carrying amount at 31 March 2018	**139.524**	**36.115**	**12.031**	**9.875**	**197.545**
Carrying amount at 31 March 2017	152.819	36.887	12.893	469	203.068
The carrying amount at 31 March 2018 consists of:					
Recognised interest expenses	**878**				
Recognised leased assets			**3.358**		

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

10 Fixed assets investments, group and parent company

	Parent comp.	Parent comp. and group
	Investment in subsidiaries	Other Investments
Cost at 1 April 2017	769.842	1.216
Additions for the year	13.040	0
Disposals for the year	-17.612	-191
Cost at 31 March 2018	**765.270**	**1.025**
Revaluations and amortisation at 1 April 2017	-143.609	-522
Exchange adjustment	-17.653	0
Disposals for the year	-5.104	10
Market value adjustments concerning securities	0	-273
Profit before tax in subsidiaries	102.830	0
Tax on net profit in subsidiaries	-27.967	0
Dividend to the parent company	-59.440	0
Goodwill amortization	-3.930	0
Adjustments in internal avance	1.307	0
Revaluations and amortisation at 31 March 2018	**-153.566**	**-785**
Carrying amount at 31 March 2018	**611.704**	**240**
Carrying amount at 31 March 2017	626.233	694

Investment in subsidiaries includes the following:

Company	Place of residence	Owner's shar
KYOCERA UNIMERCO Tooling A/S	Sunds, Denmark	100%
KYOCERA UNIMERCO Fastening A/S	Sunds, Denmark	100%
KYOCERA UNIMERCO Tooling AB	Jönköping, Sweden	100%
KYOCERA UNIMERCO Tooling AS	Oslo, Norway	100%
KYOCERA UNIMERCO Tooling Inc.	Saline, Michigan, USA	100%
KYOCERA UNIMERCO Tooling Ltd.	Lichfield, UK	100%
KYOCERA UNIMERCO Tooling GmbH	Neuss, Germany	100%
KYOCERA UNIMERCO Fastening GmbH	Esslingen, Germany	100%
KYOCERA UNIMERCO Tooling s.r.o., Brno	Brno, Czech Republic	100%
KYOCERA UNIMERCO Tooling Sp. z o.o.	Wroclaw, Poland	100%
KYOCERA UNIMERCO Tooling Oy	Lahti, Finland	100%
KYOCERA UNIMERCO Tooling Walmsley Ltd.	Sheffield, UK	100%
KYOCERA UNIMERCO Tooling S.r.l.	Milan, Itlay	100%
KYOCERA UNIMERCO Tooling UAB	Vilnius, Lithuania	100%
KYOCERA BILGINOGLU Precision Tools Industry & Trade A.S.	Istanbul, Turkey	70%

Note	DKK '000	Group 2017/18	Group 2016/17	Parent company 2017/18	Parent company 2016/17
11	**Deferred tax assets**				
	Deferred tax assets at 1 April	5.491	9.329	0	0
	Exchange adjustment at the end of the year	-114	-463	0	0
	Adjustment relating to previous years	524	332	0	0
	Adjustment of write-down	0	424	0	0
	Changes of the year	-1.453	-4.131	0	0
	Carrying amount at 31 March	**4.448**	**5.491**	**0**	**0**
	Deferred tax assets relate to:				
	Fixed assets	-1.509	-5.083	0	0
	Current assets etc.	653	1.195	0	0
	Tax losses	5.304	9.379	0	0
	Carrying amount at 31 March	**4.448**	**5.491**	**0**	**0**

The recognised tax assets mainly relate to tax losses carry forward and are recognised in the balance sheet due to the expectation that the tax losses will be realize in the future.
The assumptions for recognising the tax assets in the balance sheet are that the companies with the tax losses have been profitable the last two years and the plan and expectations for the future are further growth and better profitability.

12 Prepayments

Prepayments mainly comprise prepaid software subscriptions and insurance premiums.

13 Share capital

The share capital of the company is DKK 153,000 divided into shares of DKK 25 each or multiples thereof.
No share certificates have been issued.

Spec. of equity movements	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Share capital at 1 April	152.766	153.000	153.000	153.000	153.000
Capital change	234	0	0	0	0
Share capital at 31 March	**153.000**	**153.000**	**153.000**	**153.000**	**153.000**

		Group		Parent company	
Note	DKK '000	2017/18	2016/17	2017/18	2016/17
14	**Proposed distribution of profit:**				
	Proposed dividend for the year	25.471	19.657	25.471	19.657
	Non-controlling interest	-257	-336	0	0
	Retained earnings	39.512	37.787	39.512	37.787
	Profit for the period	**64.726**	**57.108**	**64.983**	**57.444**
15	**Provision for deferred tax**				
	Deferred tax at 1 April	24.272	22.075	15.456	15.964
	Market value adjustments at the beginning of the yea	-82	-36	0	0
	Adjustment of retaxable value re. jointly taxed income	-2.773	-2.773	-2.773	-2.773
	Adjustments relating to previous years	2.548	4.337	2.878	4.337
	Deferred tax on net profit for the year	559	669	-897	-2.072
	Carrying amount at 31 March	**24.524**	**24.272**	**14.664**	**15.456**
	Deferred tax relates to:				
	Intangible fixed assets	-259	-653	0	0
	Property, plant and equipment	9.764	8.631	0	0
	Current assets	882	911	0	0
	Retained earnings subsidiary	0	180	0	180
	Current liabilities	-527	-73	0	0
	Retaxation balances	14.664	15.276	14.664	15.276
	Carrying amount at 31 March	**24.524**	**24.272**	**14.664**	**15.456**
16	**Non-current liabilities**				
	Short-term debt:				
	Leasing commitments	1.671	968	0	0
	Long-term debt:				
	Leasing commitments	4.250	2.823	0	0
	Long-term liabilities total	**5.921**	**3.791**	**0**	**0**
	Of this, falling due after more than 5 years	**0**	**0**	**0**	**0**

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note	DKK '000	Group 2017/18	Group 2016/17
17	**Cash flows from operating activities before changes in working capital**		
	Operating profit	98.323	85.494
	Adjustment of non-cash operating items:		
	Depreciation and write-down	40.626	40.358
	Gain/loss on disposal of fixed assets	-2.453	-1.990
		136.496	**123.862**

18 Contingent liabilities and other financial obligations

Group:

Contractual obligations

The Group has entered into agreements concerning purchase of machines and software at a value of DKK 24,154 thousand. Of this, DKK 9,652 thousand has been prepaid.

Rental and lease obligations

The Group has entered into operational lease commitments at a yearly instalment of DKK 6,297 thousand over a period of 1 to 4 years. The total lease commitment amounts to DKK 13,007 thousand.
The Group has entered into tenancy agreements to rent office and store rooms for a total annual rent of DKK 2,743 thousand.

Deferred tax

No provisions have been made for deferred tax on the part of the retaxation balance which can be expected to be eliminated by means of a credit relief for current foreign tax. The deferred tax is estimated to DKK 6,212 thousand.

Parent company:

Contingent liabilities

The Group's Danish companies are jointly and severally liable for tax of the Group's jointly taxed income.

19 Related parties

The company's principal shareholder is Kyocera Fineceramics GmbH, Germany.
The company's other related parties comprise the Management and Board of Kyocera Unimerco A/S, cf. page 2 of the Annual Report, as well as the other companies in the Kyocera Group.

Transactions:

Purchases with Kyocera companies have been made on market terms.
Insignificant management fees have also been calculated on market terms.
Beyond this, no transactions with Board, Management, executives, important shareholders, subsidiaries or other related parties have been made, apart from intra-group transactions, which have been eliminated in the consolidated accounts, and ordinary management remuneration.