KYOCERA UNIMERCO A/S

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

Annual Report for the period
1 April 2016 – 31 March 2017

Approved at the General Meeting 4-7-2017

Chairman:

COMPANY DETAILS

KYOCERA UNIMERCO A/S
Drejervej 2
DK-7451 Sunds

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E-mail:	umdk@kyocera-unimerco.com
Company reg. no.:	26 77 69 10

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.

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

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

Management
Shigeru Koyama, Chairman
Senri Nagashima, President
Anders Hegaard, 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 Tuesday July 4, 2017.

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KEY FIGURES

DKK '000	12/13	13/14 *	14/15	15/16	16/17
Revenue	660.446	907.240	944.596	1.013.475	1.052.452
Expenses	617.615	814.816	842.765	936.710	966.958
EBITDA	87.608	134.096	140.256	120.282	125.852
EBIT	42.831	92.424	101.831	76.765	85.494
Financial items	-2.042	-3.977	1.088	-3.283	-4.301
EBT	40.789	88.447	102.919	73.482	81.193
Net profit	28.105	63.435	73.146	49.697	57.108
Fixed assets	291.740	271.012	244.776	245.600	241.513
Current assets	361.583	486.518	522.453	518.553	581.134
Total assets	653.323	757.530	767.229	764.153	822.647
Share capital	152.766	153.000	153.000	153.000	153.000
Equity	437.923	530.487	620.572	627.926	663.695
Provisions	31.978	28.623	27.002	22.075	24.272
Non-current liabilities	86.262	2.584	2.439	2.568	2.823
Current liabilities	97.160	195.836	117.216	111.584	131.857
Cash flow from operating acitivities	78.257	80.926	90.714	71.734	67.845
Cash flow from investing activities	-22.988	-23.413	-1.430	-52.636	-16.253
Of this investment in tangible fixed assets	*-19.119*	*-16.807*	*-12.915*	*-22.268*	*-35.957*
Cash flow from financing activities	-22.841	-12.608	-142.023	-22.699	-42.069
Change in cash for the year	32.428	44.905	-52.739	-3.601	9.523
Cash, end of period	143.249	183.631	139.884	131.845	139.932
Average no. of employees	528	582	589	662	666
Profit margin	6,5	10,2	10,8	7,6	8,1
Return on invested capital p.a.	10,6	24,3	23,6	15,0	16,1
Gross margin ratio	38,6	38,6	38,9	37,1	37,1
Return on equity p.a.	6,6	13,1	12,7	8,0	8,8
Equity ratio	67,0	70,0	80,9	82,2	80,7

* Pooling of interest method after group internal business combination should have resulted in correction of comparative figures. However, due to lack of data the comparative figures for 12/13 have not been updated.
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

This year the Group's revenue ended at DKK 1.052 million. The profit before tax ended at DKK 81 million. The largest part of the revenue comes from markets outside Denmark and in 2016/2017 78% of the revenue comes from markets outside Denmark.

Generally, our markets remained stagnant or very slowly growing, except building related activities where the market showed good growth. With stable increase in revenue and profit the 2016/2017 result is considered satisfactory. In 2017/2018 we expect to see a continued stable growth in revenue and profitability.

Development in revenue
The revenue of DKK 1.052 million represents a growth rate of 3,8% compared to 2015/2016. We consider this rate satisfactory given the overall market situation. Our growth rate between the Danish market and export markets has been on the same level. Our total revenue has been negative impacted by decrease in the value of GBP and TRY.

Development in profit
Profit before tax increased from DKK 73 million in 2015/2016 to DKK 81 million in 2016/2017 representing an increase of 10%.

The improvement in profitability is at a satisfactory level given the market conditions during the year.

Acquisitions and investment
During the year, no acquisitions has taken place. We have invested DKK 40 million mainly in machines and IT and sold a building in Copenhagen where we closed our operation in 2009. This represent the highest investment level since Kyocera became owner in 2011.

Equity and liquidity
Equity increased by DKK 37 million, from DKK 626 million to DKK 663 million. Profit for the year increased equity by DKK 57 million, while exchange rate adjustment of the equity in the subsidiaries decreased equity by DKK 4 million. Dividend payment reduced equity by DKK 16 million. The equity ratio is 81%.

Liquidity increased from DKK 132 million to DKK 140 million.

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.

GROUP MANAGEMENT REPORT

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

Please refer to the 2017 CSR report of the ultimate parent company Kyocera Corporation, which is prepared in accordance with the UN Global Compact guidelines. The report can be obtained from the Kyocera Group website on the following link: http://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 set the goal that 40% of the board members should be female in 2019. There has been no change in the board in this financial year. 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 low growth level except building related activities which we expect to continue on a higher growth level. Future growth will mainly come from increased market shares. We expect to be able to increase both sales and profit next year between 2% and 10%.

General Meeting and dividend

The Annual General Meeting will be held on 4 July 2017 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 19,657,000 be distributed as dividend for the 2016/17 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 2016 - 31 March 2017.

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 2017, and of the results of the Company's and the Group's activities and the Group's cash flows for the period 2016/17.

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, 4 July 2017

Management

Shigeru Koyama
Chairman

Senri Nagashima
President

Anders Hegaard
Vice President

Board of Directors

Ken Ishii
Chairman

Shigeru Koyama

Koichi Kano

Senri Nagashima

Anders Hegaard

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 2017, 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 - 31 March 2017 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 April - 31 March 2017, 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.

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, 4 July 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Trangeled Kristensen State Authorised Public Accountant	Christian Skriver Bertelsen State Authorised Public Accountant

ACCOUNTING POLICIES

Basic principles
The Annual Report for KYOCERA UNIMERCO A/S for 2016/17 is presented in accordance with the requirements of the Danish Financial Statements Act for class C companies (large).

There have been some reclassifications in the Income Statement and Balance Sheet comparative figures. The reclassification has not had any effect on net profit, equity and total assets for the financial year 1 April 2015 - 31 March 2016. Beside from this 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.

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 another Danish entity 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.

Assets for sale
Tangible fixed assets available for sale are classified as receivables. They are transferred from fixed assets at cost price less accumulated depreciations. After transfer, no deprecations are made - but a write-down to net realization value, if that is lower than cost less accumulated depreciations.

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.

ACCOUNTING POLICIES

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.

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.

Restructuring provisions
In connection with acquisition of enterprises, provisions are made for costs related to restructurings within the acquired enterprise which have been decided and published no later than on the date of acquisition.

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.

ACCOUNTING POLICIES

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

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 2010 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	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit x 100}}{\text{Average invested capital}}$
Invested capital	Operational intangible and tangible fixed assets and net working capital
Gross margin ratio	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit for the year x 100}}{\text{Average Equity}}$
Equity ratio	$\frac{\text{Equity (end of period) x 100}}{\text{Liabilities, total (end of period)}}$

INCOME STATEMENT FOR THE PERIOD 1 APRIL 2016 – 31 MARCH 2017

Note	DKK '000	Group 2016/17	Group 2015/16	Parent company 2016/17	Parent company 2015/16
1	**Revenue**	1.052.452	1.013.475	0	0
2	Production expenses	-662.328	-637.349	0	0
	Gross profit	**390.124**	**376.126**	**0**	**0**
2	Distribution expenses	-228.561	-226.839	0	0
2,3	Administrative expenses	-78.046	-77.253	-15.168	-15.540
	Other operating income	2.044	4.803	5.502	7.387
	Other operating costs	-67	-72	0	0
	Operating profit/loss	**85.494**	**76.765**	**-9.666**	**-8.153**
4	Profit after tax in subsidiaries	0	0	66.207	55.076
5	Financial income	4.453	4.242	930	867
6	Financial expenses	-8.755	-7.525	-128	-2.007
	Profit before income tax	**81.193**	**73.482**	**57.343**	**45.783**
7	Tax on profit for the year	-24.085	-23.785	101	3.997
	Profit for the period	**57.108**	**49.697**	**57.444**	**49.780**
	Profit is attributable to:				
	Owner of KYOCERA UNIMERCO A/S	57.444	49.780		
	Non-controlling interest	-336	-83		
	Profit for the period	**57.108**	**49.697**		
	Proposed distribution of profit:				
	Proposed dividend for the year			19.657	16.619
	Retained earnings			37.787	33.161
	Profit for the period			**57.444**	**49.780**

BALANCE SHEET AS OF 31 MARCH 2017

		Group		Parent company	
Note	DKK '000	31/3 2017	31/3 2016	31/3 2017	31/3 2016
	ASSETS				
	Acquired rights	24.871	25.515	0	0
	Goodwill	12.722	16.838	0	0
	Development projects in progress and prepayments	158	2.768	0	0
8	**Intangible fixed assets**	**37.751**	**45.121**	**0**	**0**
	Land and buildings	152.819	157.989	0	0
	Plant and machinery	36.887	25.628	0	0
	Other fixtures and fittings, tools and equipment	12.893	12.400	0	0
	Property, plant and equipment in progress	469	3.786	0	0
9	**Property, plant and equipment**	**203.068**	**199.803**	**0**	**0**
10	Investment in subsidiaries	0	0	626.233	620.195
10	Other investments	694	676	694	676
	Fixed assets investments	**694**	**676**	**626.927**	**620.871**
	FIXED ASSETS	**241.513**	**245.600**	**626.927**	**620.871**
	Raw materials and consumables	17.767	18.195	0	0
	Work in progress	5.741	3.401	0	0
	Manufactured goods and goods for resale	124.915	117.118	0	0
	Inventories	**148.423**	**138.714**	**0**	**0**
	Trade receivables	189.732	162.561	0	0
	Receivables from group enterprises	52.213	26.262	77.762	56.463
	Corporation tax	17.628	8.820	10.957	3.228
	Other receivables	15.191	12.406	37	6.399
	Assets for sale	0	19.697	0	0
11	Deferred tax assets	5.491	9.329	0	0
12	Prepayments	12.382	8.752	24	47
	Receivables	**292.637**	**247.827**	**88.780**	**66.137**
	Current asset investments	**142**	**167**	**79**	**62**
	Cash at bank and in hand	**139.932**	**131.845**	**33.915**	**25.530**
	CURRENT ASSETS	**581.134**	**518.553**	**122.774**	**91.729**
	ASSETS	**822.647**	**764.153**	**749.701**	**712.600**

BALANCE SHEET AS OF 31 MARCH 2017

Note	DKK '000	Group		Parent company	
		31/3 2017	31/3 2016	31/3 2017	31/3 2016
	LIABILITIES				
13	Share capital	153.000	153.000	153.000	153.000
	Retained earnings	489.909	456.621	489.909	456.621
	Proposed dividend	19.657	16.619	19.657	16.619
	Equity attributable to owner of KYOCERA UNIMERCO A/S	**662.566**	**626.240**	**662.566**	**626.240**
	Non-controlling interest	1.129	1.686	0	0
	EQUITY	**663.695**	**627.926**	**662.566**	**626.240**
14	Provision for deferred tax	24.272	22.075	15.456	15.964
	PROVISIONS	**24.272**	**22.075**	**15.456**	**15.964**
	Credit institutions	2.823	2.568	0	0
15	**Non-current liabilities**	**2.823**	**2.568**	**0**	**0**
15	Credit institutions	968	802	0	0
	Payables to group enterprises	25.068	19.551	70.137	69.064
	Trade payables	42.338	31.064	0	7
	Corporation tax	7.439	12.757	0	0
16	Other payables	56.044	47.410	1.542	1.325
	Current liabilities	**131.857**	**111.584**	**71.679**	**70.396**
	LIABILITIES	**134.680**	**114.152**	**71.679**	**70.396**
	LIABILITIES AND EQUITY	**822.647**	**764.153**	**749.701**	**712.600**

18 **Contingent liabilities and other financial obligations**
19 **Related parties**
20 **Events after reporting period**

CASH FLOW STATEMENT FOR THE PERIOD 1 APRIL 2016 TO 31 MARCH 2017

Note	DKK '000	Group 2016/17	Group 2015/16
	Revenue	1.052.452	1.013.475
	Expenses	-928.590	-897.673
17	**Cash flows from operating activities before change in working capital**	**123.862**	**115.802**
	Change in inventories	-11.536	7.381
	Change in receivables	-36.587	-12.429
	Change in payables	29.026	-5.675
	Cash flows from operating activities before financial items	**104.765**	**105.079**
	Financial items, net	-4.339	-2.131
	Corporation tax paid	-32.581	-31.214
	Cash flows from operating activities	**67.845**	**71.734**
	Acquisition of subsidiary	0	-26.718
	Purchase of intangible fixed assets	-4.416	-11.959
	Purchase of tangible fixed assets	-35.957	-22.268
	Sale of tangible fixed assets	24.077	5.038
	Purchase/sales of financial fixed assets	43	3.271
	Cash flows from investing activities	**-16.253**	**-52.636**
	Shareholders:		
	Dividend paid	-16.619	-25.264
	Non-controlling interest	0	1.991
	Participation in group cash pool	-25.986	7.533
	Debt financing:		
	Increase of debt to credit institutions etc.	2.520	1.628
	Repayment of debt	-1.984	-8.587
	Cash flow from financing activities	**-42.069**	**-22.699**
	Change in cash and cash equivalents	**9.523**	**-3.601**
	Cash and cash equivalents at the beginning of the year	131.845	139.884
	Currency adjustments relating to subsidiaries	-1.436	-4.438
	Cash and cash equivalents at year end	**139.932**	**131.845**

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

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 2015	**153.000**	**442.308**	**25.264**	**0**	**620.572**
	Exchange rate adjustment of subidiaries	0	-18.848	0	-257	-19.105
	Addition	0	0	0	2.026	2.026
	Dividend paid	0	0	-25.264	0	-25.264
	Net profit for the year	0	33.161	16.619	-83	49.697
	Equity at 31 March 2016	**153.000**	**456.621**	**16.619**	**1.686**	**627.926**
	Exchange rate adjustment of subidiaries	0	-4.499	0	-221	-4.720
	Addition	0	0	0	0	0
	Dividend paid	0	0	-16.619	0	-16.619
	Net profit for the year	0	37.787	19.657	-336	57.108
	Equity at 31 March 2017	**153.000**	**489.909**	**19.657**	**1.129**	**663.695**

Parent company

Note	DKK '000	Share capital	Retained earnings	Proposed dividend	Total
	Equity at 1 April 2015	**153.000**	**442.308**	**25.264**	**620.572**
	Exchange rate adjustment of subidiaries	0	-18.848	0	-18.848
	Dividend paid	0	0	-25.264	-25.264
	Net profit for the year	0	33.161	16.619	49.780
	Equity at 31 March 2016	**153.000**	**456.621**	**16.619**	**626.240**
	Exchange rate adjustment of subidiaries	0	-4.499	0	-4.499
	Addition	0	0	0	0
	Dividend paid	0	0	-16.619	-16.619
	Net profit for the year	0	37.787	19.657	57.444
	Equity at 31 March 2017	**153.000**	**489.909**	**19.657**	**662.566**

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note	DKK '000	Group 2016/17	Group 2015/16	Parent company 2016/17	Parent company 2015/16
1	**Revenue**				
	Revenue grouped by geographical markets				
	Europe	889.451	841.699	0	0
	North and South America	105.739	120.711	0	0
	Asia	56.201	50.073	0	0
	Rest of the world	1.061	992	0	0
		1.052.452	**1.013.475**	**0**	**0**
	Revenue grouped by segment:				
	Tooling	845.333	842.768	0	0
	Fastening	207.119	170.707	0	0
		1.052.452	**1.013.475**	**0**	**0**
2	**Staff expenses**				
	Wages and salaries	270.521	263.288	6.965	7.534
	Pension expenses	17.589	17.119	95	113
	Other expenses for social security	20.195	20.582	32	40
		308.305	**300.989**	**7.092**	**7.687**
	Average number of employees	**666**	**662**	**5**	**6**

Consideration for Management of the parent company for the period is DKK 3,657 thousand (2015/16: DKK 3,276 thousand) and for the Board DKK 0 thousand (2015/16: DKK 0 thousand).

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note	DKK '000	Group 2016/17	Group 2015/16	Parent company 2016/17	Parent company 2015/16
3	**Fees for auditors appointed by the General Meeting**				
	Total fee for PricewaterhouseCoopers				
	Auditing	1.437	1.636	152	199
	Other assurance tasks	94	220	79	98
	Tax consultancy	203	56	145	0
	Other services	81	7	81	17
		1.815	**1.919**	**457**	**314**
4	**Profit after tax in subsidiaries**				
	Profits in subsidiaries			94.993	93.419
	Deficits in subsidiaries			-703	-6.950
	Tax in subsidiaries			-24.153	-27.564
	Consolidated goodwill amortisation			-3.930	-3.829
				66.207	**55.076**
5	**Financial income**				
	Interst received from group enterprises	0	2	550	473
	Income from fixed asset investments	36	0	36	0
	Other financial income	4.417	4.240	344	394
		4.453	**4.242**	**930**	**867**
6	**Financial expenses**				
	Interest paid to group enterprises	0	0	-110	-201
	Loss from fixed asset investments	0	-1.152	0	-1.152
	Other financial expenses	-8.755	-6.373	-18	-654
		-8.755	**-7.525**	**-128**	**-2.007**

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note	DKK '000	Group 2016/17	Group 2015/16	Parent company 2016/17	Parent company 2015/16
7	**Tax on profit for the year**				
	Current tax for the year	20.286	26.497	563	-427
	Change in deferred tax liabilities for the year	669	-2.539	-2.072	-667
	Change in deferred tax assets for the year	4.131	2.077	0	0
	Adjustment of write-down on deferred tax assets	-424	-15	0	0
	Tax relating to previous years	-577	-2.235	1.408	-2.903
		24.085	**23.785**	**-101**	**-3.997**
	Which can be specified as:				
	Tax on net profit for the year	24.662	26.020	-1.509	-1.094
	Tax relating to previous years	-577	-2.235	1.408	-2.903
		24.085	**23.785**	**-101**	**-3.997**
	Tax on profit for the year can be specified as:				
	Tax on profit for the year	17.862	17.269	12.615	10.759
	Higher/lower tax rate of foreign subsidiaries	5.269	4.689	0	0
	Tax effect of:				
	Reduction of tax rates	503	53	0	0
	Non-taxable income	-673	-484	-8	-5
	Non-taxable result in subsidiaries	0	0	-14.566	-12.943
	Non-deductible amortisation of goodwill	767	957	0	0
	Other non-deductible expenses	962	2.611	52	161
	Adjustment of write-down on deferred tax receivable	-426	-11	0	0
	Dividend tax subsidiaries	398	934	398	934
	Adjustment of retaxable value re. jointly taxed income	1.500	-2.773	1.500	-2.773
	Tax relating to previous years	-2.077	540	-92	-130
		24.085	**23.785**	**-101**	**-3.997**

Note DKK '000

8 **Intangible fixed assets, group**

	Acquired rights	Goodwill	Intangible fixed assets in progress	Total
Cost at 1 April 2016	61.710	118.866	2.768	183.344
Exchange adjustment	-1.476	-19	0	-1.495
Addition from acquisition	0	0	0	0
Additions for the year	7.026	0	146	7.172
Disposals for the year	-715	0	-2.756	-3.471
Cost at 31 March 2017	**66.545**	**118.847**	**158**	**185.550**
Amortisation at 1 April 2016	36.195	102.028	0	138.223
Exchange adjustment	-106	-10	0	-116
Amortisation for the year	6.300	4.107	0	10.407
Reversal of amortisation of disposed assets	-715	0	0	-715
Amortisation at 31 March 2017	**41.674**	**106.125**	**0**	**147.799**
Carrying amount at 31 March 2017	**24.871**	**12.722**	**158**	**37.751**
Carrying amount at 31 March 2016	25.515	16.838	2.768	45.121

Note DKK '000

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 2016	258.937	308.674	48.445	3.786	619.842
Exchange adjustment	-2.183	909	-133	62	-1.345
Addition from acquisition	0	0	0	0	0
Additions for the year	3.770	27.391	8.175	403	39.739
Disposals for the year	-35	-12.389	-5.448	-3.782	-21.654
Cost at 31 March 2017	**260.489**	**324.585**	**51.039**	**469**	**636.582**
Depreciation at 1 April 2016	100.948	283.046	36.045	0	420.039
Exchange adjustment	-230	593	-85	0	278
Depreciation for the year	6.987	16.395	6.569	0	29.951
Reversal of depreciation of disposed assets	-35	-12.336	-4.383	0	-16.754
Depreciation at 31 March 2017	**107.670**	**287.698**	**38.146**	**0**	**433.514**
Carrying amount at 31 March 2017	**152.819**	**36.887**	**12.893**	**469**	**203.068**
Carrying amount at 31 March 2016	157.989	25.628	12.400	3.786	199.803

The carrying amount at 31 March 2017 consists of:					
Recognised interest expenses	**996**				
Recognised leased assets			**2.932**		

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note DKK '000

10 **Fixed assets investments, group and parent company**

	Parent comp.	Parent comp. and group
	Investment in subsidiaries	Other Investments
Cost at 1 April 2016	769.842	1.216
Cost at 31 March 2017	**769.842**	**1.216**
Revaluations and amortisation at 1 April 2016	-149.647	-540
Exchange adjustment	-4.499	0
Market value adjustments concerning securities	0	18
Profit before tax in subsidiaries	90.360	0
Tax on net profit in subsidiaries	-24.153	0
Dividend to the parent company	-55.670	0
Revaluations and amortisation at 31 March 2017	**-143.609**	**-522**
Carrying amount at 31 March 2017	**626.233**	**694**
Carrying amount at 31 March 2016	620.195	676

Investment in subsidiaries includes the following:

Company	Place of residence	Owner's share
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 UNIMERCO Tooling Technology Wuxi Co., Ltd.	Wuxi, China	100%
KYOCERA BILGINOGLU Precision Tools Industry & Trade A.S.	Istanbul, Turkey	70%

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note DKK '000

11 Deferred tax assets

	Group		Parent company	
	2016/17	2015/16	2016/17	2015/16
Deferred tax assets at 1 April	9.329	12.062	0	0
Exchange adjustment at the end of the year	-463	-704	0	0
Adjustment relating to previous years	332	3	0	0
Addition from acquisition	0	30		
Adjustment of write-down	424	15	0	0
Changes of the year	-4.131	-2.077	0	0
Carrying amount at 31 March	**5.491**	**9.329**	**0**	**0**
Deferred tax assets relate to:				
Fixed assets	-5.083	-5.868	0	0
Current assets etc.	1.195	801	0	0
Tax losses	9.379	14.822	0	0
	5.491	**9.755**	**0**	**0**
Write-down to assessed value	0	-426	0	0
Carrying amount at 31 March	**5.491**	**9.329**	**0**	**0**

12 Prepayments

	Group 2016/17	Group 2015/16	Parent company 2016/17	Parent company 2015/16
Service and software subscriptions	3.225	3.072	0	0
Prepaid lease payments	207	164	0	0
Prepaid insurance premiums etc.	8.950	5.516	24	47
	12.382	**8.752**	**24**	**47**

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note DKK '000

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	2012/13	2013/14	2014/15	2015/16	2016/17
Share capital at 1 April	152.766	152.766	153.000	153.000	153.000
Capital change	0	234	0	0	0
Share capital at 31 March	**152.766**	**153.000**	**153.000**	**153.000**	**153.000**

14 Provision for deferred tax

	Group		Parent company	
	2016/17	2015/16	2016/17	2015/16
Deferred tax at 1 April	22.075	27.002	15.964	19.404
Market value adjustments at the beginning of the year	-36	479	0	0
Adjustment of retaxable value re. jointly taxed income	-2.773	-2.773	-2.773	-2.773
Adjustments relating to previous years	4.337	-94	4.337	0
Deferred tax on net profit for the year	669	-2.539	-2.072	-667
Carrying amount at 31 March	**24.272**	**22.075**	**15.456**	**15.964**
Deferred tax relates to:				
Intangible fixed assets	-653	-1.217	0	0
Property, plant and equipment	8.631	7.489	0	0
Current assets	911	-68	0	0
Retained earnings subsidiary	180	300	180	300
Current liabilities	-73	-93	0	0
Retaxation balances	15.276	15.664	15.276	15.664
Carrying amount at 31 March	**24.272**	**22.075**	**15.456**	**15.964**

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note DKK '000

15 Non-current liabilities

	Group		Parent company	
	31/3 2017	31/3 2016	31/3 2017	31/3 2016
Short-term debt:				
Credit institutions	968	802	0	0
	968	802	0	0
Long-term debt:				
Credit institutions	2.823	2.568	0	0
	2.823	2.568	0	0
Long-term liabilities total	**3.791**	**3.370**	**0**	**0**
Of this, falling due after more than 5 years	**0**	**0**	**0**	**0**

16 Other payables

	Group		Parent company	
	31/3 2017	31/3 2016	31/3 2017	31/3 2016
Taxes and duties	17.552	11.829	0	0
Calculated holiday pay and lieu days payable	32.714	30.668	1.396	1.167
Other debts	5.778	4.913	146	158
	56.044	**47.410**	**1.542**	**1.325**

17 Cash flows from operating activities before changes in working capital

	Group	
	31/3 2017	31/3 2016
Operating profit	85.494	76.765
Adjustment of non-cash operating items:		
Depreciation and write-down	40.358	43.517
Gain/loss on disposal of fixed assets	-1.990	-4.480
	123.862	**115.802**

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

<u>Note</u>

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 2.374 thousand. Of this, DKK 350 thousand has been prepaid.

Rental and lease obligations
The Group has entered into operational lease commitments at a yearly instalment of DKK 6,038 thousand over a period of 1 to 4 years. The total lease commitment amounts to DKK 11,887 thousand.
The Group has entered into tenancy agreements to rent office and store rooms for a total annual rent of DKK 2,228 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 6,500 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.

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