Annual report for 2018

Rulmeca A/S
Byleddet 7
4000 Roskilde
CVR no. 27 42 99 71

Adopted at the annual general meeting on 2 May 2019

Carsten Spanggaard
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Rulmeca A/S for the financial year 1 January - 31 December 2018.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Roskilde, 12 April 2019

Executive Board

Peter Lutz
Managing director

Board of Directors

Carsten Spanggaard chairman	Marco Attilio Ghisalberti	Peter Lutz

Independent auditor's report

To the shareholder of Rulmeca A/S

Opinion

We have audited the financial statements of Rulmeca A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor's responsibilities for the audit of the financial statements” section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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.

Independent auditor's report

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 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on 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.

Independent auditor's report

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 Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

København Ø, 12 April 2019

Hartzberg+
statsautoriseret revisionsvirksomhed
CVR no. 17 25 09 81

Hans Peter Hartzberg
statsautoriseret revisor
MNE no. mne24818

Company details

The company	Rulmeca A/S Byleddet 7 4000 Roskilde	
	CVR no.:	27 42 99 71
	Reporting period: Incorporated:	1 January - 31 December 2018 12. November 2003
	Domicile:	Roskilde
Board of Directors	Carsten Spanggaard, chairman Marco Attilio Ghisalberti Peter Lutz	
Executive Board	Peter Lutz Managing director	
Auditors	Hartzberg+ statsautoriseret revisionsvirksomhed Øster Allé 56, 1. 2100 København Ø	

Management's review

Business activities
The Company's main actitvity is to produce engines and drive industrial production and trade in general.

Recognition and measurement uncertainties
The recognition and measurement of items in the financial statements is not subject to any uncertainty.

Business review
The company's income statement for the year ended 31 December shows a profit of EUR 180.157, and the balance sheet at 31 December 2018 shows equity of EUR 680.380.

Significant events occurring after end of reporting period
No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement
1 January 2018 - 31 December 2018

	Note	2018	2017
		EUR	EUR
Gross profit		**1.319.652**	**1.124.744**
Staff costs	1	-1.053.782	-975.159
Depreciation, amortisation and impairment of fixed assets		-9.999	-5.700
Other operating costs		-9.866	-19.621
Profit/loss before net financials		**246.005**	**124.264**
Financial income		10.361	14.665
Financial costs		-47.242	-37.817
Profit/loss before tax		**209.124**	**101.112**
Tax on profit/loss for the year	2	-28.967	-26.589
Profit/loss for the year		**180.157**	**74.523**

	2018	2017
	EUR	EUR
Recommended appropriation of profit/loss		
Proposed dividend for the year	67.000	0
Retained earnings	113.157	74.523
	180.157	**74.523**

Balance sheet at 31 December 2018

	Note	2018	2017
		EUR	EUR
Assets			
Development projects in progress		2.000	0
Intangible assets		**2.000**	**0**
Land and buildings		167.331	173.031
Other fixtures and fittings, tools and equipment		27.722	171
Tangible assets		**195.053**	**173.202**
Deposits		17.929	17.380
Fixed asset investments		**17.929**	**17.380**
Total non-current assets		**214.982**	**190.582**
Raw materials and consumables		221.730	275.983
Work in progress		9.823	4.941
Finished goods and goods for resale		257.989	159.494
Stocks		**489.542**	**440.418**
Trade receivables		1.380.345	1.137.617
Receivables from associates		17.742	231.103
Deferred tax asset		32.000	0
Corporation tax		16.553	33.695
Prepayments		249	7.558
Receivables		**1.446.889**	**1.409.973**
Cash at bank and in hand		**574.991**	**518.427**
Total current assets		**2.511.422**	**2.368.818**
Total assets		**2.726.404**	**2.559.400**

Balance sheet at 31 December 2018

	Note	2018 EUR	2017 EUR
Equity and liabilities			
Share capital		67.190	67.190
Retained earnings		546.190	433.033
Proposed dividend for the year		67.000	0
Equity	3	**680.380**	**500.223**
Mortgage loans		84.177	89.556
Total non-current liabilities		**84.177**	**89.556**
Short-term part of lon-term debt		5.226	4.922
Trade payables		2.987	153.976
Payables to associates		1.352.918	1.252.994
Other payables		600.716	557.729
Total current liabilities		**1.961.847**	**1.969.621**
Total liabilities		**2.046.024**	**2.059.177**
Total equity and liabilities		**2.726.404**	**2.559.400**
Contingencies, etc.	4		

Notes

		2018	2017
		EUR	EUR
1	**Staff costs**		
	Wages and salaries	857.053	815.192
	Pensions	172.869	167.895
	Other social security costs	4.266	4.652
	Other staff costs	19.594	-12.580
		1.053.782	**975.159**
	Average number of employees	13	13

2	**Tax on profit/loss for the year**		
	Current tax for the year	28.989	0
	Deferred tax for the year	-32.000	0
	Adjustment of tax concerning previous years	31.978	26.589
		28.967	**26.589**

Notes

3 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2018	67.190	433.033	0	500.223
Net profit/loss for the year	0	113.157	67.000	180.157
Equity at 31 December 2018	**67.190**	**546.190**	**67.000**	**680.380**

The share capital consists of 500 shares of a nominal value of EUR 134. No shares carry any special rights.
There have been no changes in the share capital during the last 5 years.

4 Contingencies, etc.

The company is jointly taxed with its danish group entities. The entities are jointly and severally liable for danish income taxes as well as withholding taxes on dividends, interest and royalties payable by the group of jointly taxed entities. Any subsequent corrections of income taxes and withholding taxes may increase the tax payable by the entities. The group as such is not liable to any third parties.

The company has entered into operating leases at the following amounts.

Term to maturity in 6 months with an average payment of EURO 3 thousand, totalling EURO 18 thousand.

Accounting policies

The annual report of Rulmeca A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2018 is presented in EUR

Basis of recognition and measurement
Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit
In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue
Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Accounting policies

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Other external expenses
Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs
Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses
Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses
Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year
The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

The company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Tangible assets
Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Accounting policies

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Assets costing less than EUR 13.500 are expensed in the year of acquisition.

Stocks
Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Impairment of fixed assets
The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Receivables
Receivables are measured at amortised cost.

Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Equity
Income tax and deferred tax
Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Accounting policies

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities
Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.