



ETK EMS GROUP APS

Industrivej 45
Stilling
8660 Skanderborg

CVR no 27 52 31 88

ANNUAL REPORT FOR 2015/16
(10th Financial year)

Adopted at the annual general
meeting on
5. december 2016

Chairman

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STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Executive Board has today discussed and approved the annual report of ETK EMS Group ApS for the financial year 1 July 2015 - 30 June 2016.

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

In my opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2016 and of the results of the the Company's operations for the financial year 1 July 2015 - 30 June 2016.

In my opinion, Management's review includes a fair review of the matters dealt with in the Management's review

We recommend the adoption of the annual report at the annual general meeting.

Skanderborg, 5 December 2016

Executive Board

Thomas Vinter
director

INDEPENDENT AUDITOR'S REPORT

To the shareholders of ETK EMS Group ApS

Report on the Financial Statements

We have audited the financial statements of ETK EMS Group ApS for the financial year 1 July 2015 - 30 June 2016, which comprise summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

The 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 the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish Audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as the overall presentation of the financial statements.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements gives a true and fair view of the Company's financial position at 30 juni 2016 and of the results of the Company's operations for the financial year 1 July 2015 - 30 June 2016 in accordance with the Danish Financial Statements Act.

INDEPENDENT AUDITOR'S REPORT

Statement on the Management's Review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the Financial Statements.

Skanderborg, 5 December 2016

ADVOSION

statsautoriseret revisionspartnerselskab
CVR-no. 37 55 70 64

Ole Christensen
State Authorised Public Accountant

Henrik Hansen
State Authorised Public Accountant

COMPANY DETAILS

The Company

ETK EMS Group ApS
Industrivej 45
Stilling
8660 Skanderborg

CVR no.: 27 52 31 88
Financial year: 1 July - 30 June
Domicile: Skanderborg

Executive Board

Thomas Vinter, director

Auditors

ADVOSION
statsautoriseret revisionspartnerselskab
Kristiansvej 13
8660 Skanderborg

MANAGEMENT'S REVIEW

Business activities

The company's primary activity is to be a holding company.

Business review

The Company's income statement for the year ended 30 June shows a profit of EUR 1,705,201, and the balance sheet at 30 June 2016 shows equity of EUR 6,984,002.

Financial review

During the financial year 2015/16, ETK EMS Group has continued the expected growth utilizing the strong set-up now established in Thailand.

Overall we have seen a market of EMS services growing in our traditional sales market and this trend is expected to continue into next financial year as well. Besides this organic growth we have also been involved in supporting extraordinary need for prototype production which is a clear signal of increasing investment made in the industrial and business to business electronic market segments. The Internet of Things (IOT) will be pushing the market even further in the years to come.

In Q4 of our financial year we finished the renovation of yet another ETK EMS Plant in Rayong. This new factory has more than doubled our capacity in Thailand. The new facility will open up for even more traditional PCBA business as well as Boxbuild production. The factory pre-opened with a traditional Thai ceremony in May 2016 and has not had any turnover impact in the financial Report for 2015/16. The extension has prepared ETK EMS Asia Productions Ltd. for the planned growth into 2020.

The strategic focus for the Management has continued to be development of the strong back-end competence center that has been established in Rayong, Thailand. Today significant assignments in the entire group are being handled from Thailand. This set-up have supported the financial result in both ETK EMS Skanderborg and ETK EMS Frederikssund making these division capable of achieving growth on both sales and result higher than the expected numbers by the Top Management.

All 3 sites have in 2015/16 had very stable turnover for all the known and long-term relationship customers. Besides this all 3 sites have also had satisfactory growth in establishment of new customer relationship. Both as new up-coming companies in the industry but also customers with long term activity in the EMS business have in 2015/16 chosen ETK EMS as their new partner.

The result for 2015/16 was budgeted to be in the area of 10% growth on both turnover and result. We achieved 11% which is very satisfactory for the Management. The expectation for the financial year 2016/17 is to reach growth of 8-10%. After 5 months of this financial year these numbers are looking absolutely realistic assuming that there are no potential impacts beyond management's control.

With newly developed intelligence tools for customers like Life Cycle Reports and with the significant extension of production capacity in Thailand ETK EMS Group will be ready to continue the path of growth and be able to support all our valued customers beyond their expectations.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the group's and the parent company's financial position.

ACCOUNTING POLICIES

The annual report of ETK EMS Group ApS for 2015/16 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 2015/16 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's 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's 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 are 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 raw materials and consumables and other external expenses.

Other external expenses

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

ACCOUNTING POLICIES

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

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

Balance sheet

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, less or plus unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill made up according to the purchase method.

Investments in subsidiaries and associates with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries and associates are taken to the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of ETK EMS Group ApS is adopted are not taken to the net revaluation reserve.

Acquisitions are accounted for using the purchase method, cf. the description of the statement of goodwill above.

Receivables

Receivables are measured at amortised cost.

ACCOUNTING POLICIES

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.

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

INCOME STATEMENT 1 JULY - 30 JUNE

	<u>Note</u>	<u>2015/16</u> EUR	<u>2014/15</u> EUR
Gross profit		-1,621	-1,344
Profit/loss before financial income and expenses		-1,621	-1,344
Income from investments in subsidiaries		1,715,009	1,509,936
Financial income	1	82,411	63,019
Financial costs	2	<u>-93,365</u>	<u>-155,270</u>
Profit/loss before tax		1,702,434	1,416,341
Tax on profit/loss for the year	3	<u>2,767</u>	<u>21,965</u>
Net profit/loss for the year		<u>1,705,201</u>	<u>1,438,306</u>
Proposed dividend for the year		1,344,200	0
Reserve for net revaluation under the equity method		370,745	1,509,937
Retained earnings		<u>-9,744</u>	<u>-71,631</u>
		<u>1,705,201</u>	<u>1,438,306</u>

BALANCE SHEET 30 JUNE

	<u>Note</u>	<u>2016</u> EUR	<u>2015</u> EUR
Assets			
Investments in subsidiaries	4	<u>13,538,916</u>	<u>11,934,164</u>
Fixed asset investments		<u>13,538,916</u>	<u>11,934,164</u>
Fixed assets total		<u>13,538,916</u>	<u>11,934,164</u>
Receivables from subsidiaries		1,455,752	1,318,566
Deferred tax asset		<u>444</u>	<u>444</u>
Receivables		<u>1,456,196</u>	<u>1,319,010</u>
Cash at bank and in hand		<u>134,420</u>	<u>134,420</u>
Current assets total		<u>1,590,616</u>	<u>1,453,430</u>
Assets total		<u><u>15,129,532</u></u>	<u><u>13,387,594</u></u>

BALANCE SHEET 30 JUNE

	<u>Note</u>	<u>2016</u> EUR	<u>2015</u> EUR
Liabilities and equity			
Share capital		16,803	16,803
Reserve for net revaluation under the equity method		5,563,777	5,303,225
Retained earnings		59,222	69,030
Proposed dividend for the year		<u>1,344,200</u>	<u>0</u>
Equity total	5	<u>6,984,002</u>	<u>5,389,058</u>
Payables to subsidiaries		8,098,584	7,869,179
Other payables		<u>46,946</u>	<u>129,357</u>
Short-term debt		<u>8,145,530</u>	<u>7,998,536</u>
Debt total		<u>8,145,530</u>	<u>7,998,536</u>
Liabilities and equity total		<u>15,129,532</u>	<u>13,387,594</u>
Charges and securities	6		

NOTES

	<u>2015/16</u> EUR	<u>2014/15</u> EUR
1 Financial income		
Exchange adjustments	<u>82,411</u>	<u>63,019</u>
	<u>82,411</u>	<u>63,019</u>
2 Financial costs		
Other financial costs	93,365	95,452
Exchange loss	<u>0</u>	<u>59,818</u>
	<u>93,365</u>	<u>155,270</u>
3 Tax on profit/loss for the year		
Current tax for the year	-2,767	-21,995
Deferred tax for the year	<u>0</u>	<u>30</u>
	<u>-2,767</u>	<u>-21,965</u>

NOTES

	2016 EUR	2015 EUR
4 Investments in subsidiaries		
Cost at 1 July 2015	6,630,939	6,630,939
Cost at 30 June 2016	6,630,939	6,630,939
Revaluations at 1 July 2015	5,303,225	3,513,327
Exchange adjustment	-110,257	279,961
Net profit/loss for the year	1,949,414	1,744,342
Amortisation of goodwill	-234,405	-234,405
Revaluations at 30 June 2016	6,907,977	5,303,225
Carrying amount at 30 June 2016	13,538,916	11,934,164

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
ETK EMS Skanderborg A/S	Skanderborg	1,340,000 DKK	100%
ETK EMS Frederikssund A/S	Frederikssund	800,000 DKK	100%
ETK EMS Asia Ltd.	Thailand	90,265,500 Bath	100%

5 Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 July 2015	16,803	5,303,289	68,966	0	5,389,058
Exchange adjustment, foreign	0	-110,257	0	0	-110,257
Net profit/loss for the year	0	370,745	-9,744	1,344,200	1,705,201
Equity at 30 June 2016	16,803	5,563,777	59,222	1,344,200	6,984,002

NOTES

6 Charges and securities

Shares of nom. EUR 180,125 for ETK EMS Skanderborg A/S have been posted as security for bank debt.

Liquid holdings of EUR 134,421 and payment guarantee of EUR 134,421 via financial institution have been pledged as security for the purchase of capital investments by associated companies.

ETK EMS Group ApS has issued a guarantee for bank debt of its subsidiaries of ETK EMS Skanderborg A/S and ETK EMS Frederikssund A/S.

The company is jointly and severally liable for tax on consolidated taxable income and dividend tax. The total amount of income tax payable etc. is shown in the annual report for Javitek ApS, which is the management company in relation to the joint taxation.