

# Sherex Europe ApS

Homeaddress; Knud Bro Allé 4B, DK3660 Stenløse

CVR-number 27 73 31 66

## Annual Report 2017

Financial year: 01.01.2017 – 31.12.2017

Approved at the annual general meeting of shareholders on 21 May 2018

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Chairman

## Contents

Company Information	1
Management's Review	2
Managements' Statement on the Annual Report	3
Independent Auditors' Report	4
Accounting Policies	6
Income Statement	10
Balance Sheet	11
Notes to the annual report	13

## Company Information

The Company	Sherex Europe ApS Knud Bro Allé 4B 3660 Stenløse  Home borough: Egedal
Executive Board	Jacob Himmelstrup
Auditors	Aaen & Co. statsautoriserede revisorer p/s Kongevejen 3 3000 Elsinore
Date of foundation	3 May 2004
Financial year	1 January - 31 December

## Management's Review

The Company's business review

The Company's objective is as a wholeseller to deal in the businesses of autoparts and spare parts in industry machines in general.

Significant changes in the company's activities and financial affairs

There has been no significant changes in the activities and financial position during the financial year.

## Management's Statement on the Annual Report

The Executive Board has today approved the Annual Report 2017 of Sherex Europe ApS.

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

In my opinion, the Annual Report gives a true and fair view of the Company's financial position at 31 December 2017 and the results of operations for the financial year 1 January - 31 December 2017 of the Company.

In my opinion, the Management's review includes a fair review of the matters discussed in the Management review.

I recommend that the Annual Report be approved at the annual general meeting.

Stenløse, 21 May 2018.

Executive Board

Jacob Himmelstrup

## Independent auditors' report

To the shareholder of Sherex Europe ApS:

### Opinion

We have audited the Financial Statements of Sherex Europe ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies, for the Company. The Financial Statements are 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 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 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 rules and 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 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 of accounting information 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.

## Independent auditors' report

### Auditor's Responsibilities for the Audit of the Financial Statements, continued

- 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.

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 Statement Act. We did not identify any material misstatement of Management's Review.

Elsinore, 21 May 2018

Aaen & Co. statsautoriserede revisorer p/s  
Kongevejen 3, 3000 Helsingør - CVR nummer 33 24 17 63

Jesper Fenger Smidt  
State Authorised Public Accountant  
mne31476

Søren Mark Thorbjørnsen  
State Authorised Public Accountant  
mne19687

## Accounting Policies

### Basis of accounting

The Annual Report of Sherex Europe ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with addition of optional elements from reporting class C.

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

### Reporting currency

The financial statements are presented in Danish kroner.

### Recognition and measurement

Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities. Furthermore, all expenses incurred, including depreciation, amortisation and impairment losses, are recognised in the income statement.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any deductions and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirm or invalidate affairs and conditions existing at the balance sheet date.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment, are recognised in financial income and expenses in the income statement. If foreign exchange positions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and the rate at the time of origin of the receivable or debt is recognised in financial income and expenses in the income statement.

Fixed assets purchased in foreign currencies are measured at the rate of exchange at the date of transaction.



## Accounting Policies

### Income Statement

#### Gross profit

With reference to section 32 of the Danish financial statements act, the items "Revenue", "Other external expenses" and "Other operating income" are consolidated into one item designated "Gross profit".

#### Revenue

Income from goods sold is recognised as revenue when delivery has been executed. Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Employee expenses

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 items is net of refunds made by public authorities.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses concerning debt and transactions in foreign currencies as well as extra payments and repayment under the on-account taxation scheme.

#### Corporation tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

## Accounting Policies

### Balance Sheet

#### Property, plant and equipment

Other fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and amortization.

Depreciation is based on cost reduced by any expected residual value after the period of use.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures, fittings, tools and equipment	2-5	Years
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Gains or losses on sale of property, plant and equipment are calculated as the difference between the sales price less sales expenses and the carrying amount at the time of the sale.

#### Manufactured goods and goods for resale

Inventories of manufactured goods and goods for resale are measured at cost according to the FIFO-method. Reservation is made where net realisable value of goods and commodities is lower than cost.

Cost comprises cost of goods including freight.

Net realisable value comprises sales price excluding cost of the actual sales transaction.

#### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts because of objective evidence that a receivable or a group of receivables are impaired. Write-downs are made to the lower of the net realisable value and the carrying amount. Investments comprise rent deposits, which is measured at cost.

#### Deferred income assets

Deferred income recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities, which are subject to an insignificant risk of changes in value.

## Accounting Policies

### Dividend

Dividend which is expected paid for the year is shown as a separate item under equity. Proposed dividend is recognised as a liability at the time of adoption at the Annual General Meeting.

### Corporation tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax on the taxable income for the year adjusted for tax on previous years' taxable income as well as for taxes paid on account.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, of concerning shares, where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be either realised, by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallised as current tax.

### Debt

Other liabilities are measured at net realisable value.

### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Income statement 1 January - 31 December

Note	2017	2016
Gross profit	1.968.034	1.607.617
1 Employee expense	1.233.706	821.417
3 Depreciations	36.383	0
Profit (loss) from ordinary operating activities	697.945	786.200
Financial income	31.781	6.032
Financial expenses	7.798	8.084
Profit (loss) from ordinary activities before tax	721.928	784.148
2 Tax expense on ordinary activities	158.806	-86.030
Profit (loss)	563.122	870.178
Proposed distribution of results:		
Proposed dividend recognised in equity	0	500.000
Retained earnings	563.122	370.178
Profit for the year distributed	563.122	870.178

Balance sheet 31 December

Assets

Note	2017	2016
3 Fixtures, fittings, tools and equipment	40.617	0
Property, plant and equipment	<u>40.617</u>	<u>0</u>
Non-current assets	<u>40.617</u>	<u>0</u>
Manufactured goods and goods for resale	934.509	766.312
Inventories	<u>934.509</u>	<u>766.312</u>
Trade receivables	289.600	358.383
Receivables from group enterprises	0	74.060
Other receivables	267.071	44.951
Deferred income assets	0	43.968
Deffered tax assets	5.830	86.030
Receivables	<u>562.501</u>	<u>607.392</u>
Cash and cash equivalents	<u>88.056</u>	<u>263.305</u>
Current assets	<u>1.585.066</u>	<u>1.637.009</u>
Total assets	<u>1.625.683</u>	<u>1.637.009</u>

Balance sheet 31 December

Liabilities

Note	2017	2016
Share capital	500.000	500.000
Retained earnings	663.222	100.100
Proposed dividend	0	500.000
4 Equity	1.163.222	1.100.100
Prepayments received from customers	0	50.000
Trade payables	93.380	225.199
Payables to group enterprises	262.270	0
Tax payables	78.606	
Other payables	28.205	261.710
Short-term debt	462.461	536.909
Total debt	462.461	536.909
Total liabilities and equity	1.625.683	1.637.009
5 Contingent liabilities		

## Notes to the annual accounts

	<u>2017</u>	<u>2016</u>
1 Employee expenses		
Wages/salaries	1.228.830	701.319
Pensions	0	101.670
Other social security costs	4.876	18.428
Total	<u>1.233.706</u>	<u>821.417</u>
Average number of employees	<u>4</u>	<u>3</u>
2 Tax expense on ordinary activities		
Tax on the taxable income of the year	78.606	0
Change in provision for deferred tax	80.200	-86.030
	<u>158.806</u>	<u>-86.030</u>
3 Property, plant and equipment		Fixtures and fittings, tools and equipment
Cost at 1 January		0
Additions in the year		77.000
Disposals in the year		0
Cost at 31 December		<u>77.000</u>
Impairment losses and depreciation at 1 January		0
Amortisation/depreciation in the year		36.383
Reversal of amortisation/depreciation and impairment of disposals		0
Impairment losses and depreciation at 31 December		<u>36.383</u>
Carrying amount at 31 December		<u>40.617</u>

## Notes to the annual accounts

### 4 Equity

	Share capital	Retained earnings	Proposed dividend
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Equity capital 1 January	500.000	100.100	500.000
Dividend paid	0	0	-500.000
Profit of the year	0	563.122	0
Equity capital 31 December	<u>500.000</u>	<u>663.222</u>	<u>0</u>

### 5 Contingent liabilities

The company is jointly taxed with its parent, Nærenergi Danmark A/S, which acts as management company. The company is jointly and severally liable with the other jointly taxed Group companies for payment of withholding taxes payable and for corporate taxes.