

CIDAN Machinery Denmark A/S

Skolevænget 16, Hou
8300 Odder

Central Business Registration No
30588118

Annual report 2016/17

The Annual General Meeting adopted the annual report on 14.03.2018

Chairman of the General Meeting

Name: John Henrik Warlund

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Entity details

Entity

CIDAN Machinery Denmark A/S
Skolevænget 16, Hou
8300 Odder

Central Business Registration No: 30588118
Registered in: Odder
Financial year: 01.10.2016 - 30.09.2017

Phone: +4575893311
Fax: +4575893725
Website: www.cidanmachinery.com

Board of Directors

John Henrik Warlund
Lawrence Francis Chandonnet
Peter Gören Tafazoli

Executive Board

Peter Tafazoli, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of CIDAN Machinery Denmark A/S for the financial year 01.10.2016 - 30.09.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2017 and of the results of its operations for the financial year 01.10.2016 - 30.09.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We consider the preconditions for not auditing the financial statements for the financial year 01.10.2016 - 30.09.2017 as complied with.

We recommend to the Annual General Meeting that the financial statements for the next financial year not be audited.

We recommend the annual report for adoption at the Annual General Meeting.

Odder, 14.03.2018

Executive Board

Peter Tafazoli
Chief Executive Officer

Board of Directors

John Henrik Warlund

Lawrence Francis Chandonnet

Peter Gören Tafazoli

Independent auditor's report

To the shareholders of CIDAN Machinery Denmark A/S

Opinion

We have audited the financial statements of CIDAN Machinery Denmark A/S for the financial year 01.10.2016 - 30.09.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. 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 Entity's financial position at 30.09.2017 and of the results of its operations and cash flows for the financial year 01.10.2016 - 30.09.2017 in accordance with the Danish Financial statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Aarhus, 14.03.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Allan Søborg Olsen

State Authorised Public Accountant

Identification number (MNE) mne10822

Management commentary

Primary activities

The primary activities comprise of sale of sheet metal working machines produced by the subsidiary CIDAN Machinery Sweden AB and distribution of machines for bending, shearing, slitting and roll-forming.

Development in activities and finances

The financial performance for the year 2016/17 amounted to a profit before tax of DKK 53k against a profit before tax of DKK 14,383k last year. The results were in line with the expectations for the year.

The Company has in the year sold the subsidiary CIDAN Machinery Sweden AB to the parent company Pilar Holding AB. The sale has not affected profit of the year.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016/17

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Gross profit		1.950.435	328.792
Distribution costs		(318.384)	(431.018)
Administrative costs	1	<u>(1.534.962)</u>	<u>179.739</u>
Operating profit/loss		97.089	77.513
Income from investments in group enterprises		0	14.258.672
Other financial income	2	63.750	249.174
Other financial expenses	3	<u>(107.569)</u>	<u>(202.829)</u>
Profit/loss before tax		53.270	14.382.530
Tax on profit/loss for the year	4	<u>(2.562)</u>	<u>(25.551)</u>
Profit/loss for the year		<u>50.708</u>	<u>14.356.979</u>
Proposed distribution of profit/loss			
Extraordinary dividend distributed in the financial year		33.370.000	0
Transferred to reserve for net revaluation according to the equity method		(29.298.501)	13.210.998
Retained earnings		<u>(4.020.791)</u>	<u>1.145.981</u>
		<u>50.708</u>	<u>14.356.979</u>

Balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment		0	0
Investments in group enterprises		0	30.711.562
Fixed asset investments	5	0	30.711.562
Fixed assets		0	30.711.562
Trade receivables		230	97
Receivables from group enterprises		3.674.715	7.230.907
Other receivables		33.711	16.200
Prepayments		0	83.304
Receivables		3.708.656	7.330.508
Cash		399.701	5.407
Current assets		4.108.357	7.335.915
Assets		4.108.357	38.047.477

Balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
Contributed capital		1.050.000	1.050.000
Reserve for net revaluation according to the equity method		0	29.298.501
Retained earnings		158.209	4.179.000
Equity		<u>1.208.209</u>	<u>34.527.501</u>
Bank loans		0	2.848.292
Trade payables		79.892	140.509
Payables to group enterprises		2.658.438	0
Income tax payable		3.610	323.400
Other payables		158.208	207.775
Current liabilities other than provisions		<u>2.900.148</u>	<u>3.519.976</u>
Liabilities other than provisions		<u>2.900.148</u>	<u>3.519.976</u>
Equity and liabilities		<u>4.108.357</u>	<u>38.047.477</u>
Unrecognised rental and lease commitments	6		
Group relations	7		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity beginning of year	1.050.000	29.298.501	4.179.000	34.527.501
Extraordinary dividend paid	0	0	(33.370.000)	(33.370.000)
Profit/loss for the year	0	(29.298.501)	29.349.209	50.708
Equity end of year	1.050.000	0	158.209	1.208.209

Notes

	2016/17	2015/16
	DKK	DKK
1. Staff costs		
Wages and salaries	927.251	1.136.526
Pension costs	244.659	358.713
Other social security costs	544	6.604
Other staff costs	9.055	6.729
	1.181.509	1.508.572
Average number of employees	2	2
	2016/17	2015/16
	DKK	DKK
2. Other financial income		
Financial income arising from group enterprises	0	90.823
Interest income	0	124
Exchange rate adjustments	0	158.227
Other financial income	63.750	0
	63.750	249.174
	2016/17	2015/16
	DKK	DKK
3. Other financial expenses		
Financial expenses from group enterprises	0	53.073
Interest expenses	107.569	149.756
	107.569	202.829
	2016/17	2015/16
	DKK	DKK
4. Tax on profit/loss for the year		
Tax on current year taxable income	2.576	25.551
Adjustment concerning previous years	(14)	0
	2.562	25.551

Notes

	Investments in group enterprises DKK	
	2016/17	2015/16
	DKK	DKK
5. Fixed asset investments		
Cost beginning of year	1.413.062	
Disposals	(1.413.062)	
Cost end of year	0	
Revaluations beginning of year	29.298.500	
Reversal regarding disposals	(29.298.500)	
Revaluations end of year	0	
Carrying amount end of year	0	
6. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	61.908	127.482

7. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Pilar Holding AB, org.nr. 559041-1152, Stockholm (Sweden)

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The annual report 2015/16 was presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium). The change has affected the number of notes.

Beside the above, the accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in

Accounting policies

the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs

Production costs comprise cost of sales for the financial year, including ordinary write-down of inventories and other costs incurred to earn revenue for the financial year, including wages and salaries as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment.

Administrative costs

Administrative costs comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

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

Accounting policies

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	2-5 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax