

## **CIDAN Machinery Denmark A/S**

Skolevænget 16, Hou  
8300 Odder  
Central Business Registration No  
30588118

## **Annual report 2015/16**

The Annual General Meeting adopted the annual report on 15.03.2017

### **Chairman of the General Meeting**

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Name: Peter Tafazoli

# Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2015/16	8
Balance sheet at 30.09.2016	9
Statement of changes in equity for 2015/16	11
Notes	12
Accounting policies	16

## Entity details

### Entity

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

Central Business Registration No: 30588118  
Registered in: Odder  
Financial year: 01.10.2015 - 30.09.2016

Phone: +4575893311  
Fax: +4575893725  
Website: [www.cidanmachinery.com](http://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  
Vestervangsvej 6  
8800 Viborg

## 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 01.10.2015 - 30.09.2016.

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 30.09.2016 and of the results of its operations for the financial year 01.10.2015 - 30.09.2016.

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

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

Odder, den 15.03.2017

### 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 01.10.2015 - 30.09.2016, 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 30.09.2016 and of the results of its operations and cash flows for the financial year 01.10.2015 - 30.09.2016 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.

Viborg, 15.03.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Allan Søborg Olsen

State Authorised Public Accountant

## Management commentary

	<b>2015/16</b>	<b>2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit	329	5.769	37.730	1.879	607
Operating profit/loss	78	4.432	5.912	151	646
Net financials	14.305	5.753	(1.657)	2.895	(18)
Profit/loss for the year	14.357	9.887	3.031	3.045	296
Total assets	38.047	31.541	75.592	39.093	32.427
Investments in property, plant and equipment	0	0	1.148	0	421
Equity	34.528	28.849	20.920	18.431	14.073
<b>Ratios</b>					
Return on equity (%)	45,3	39,7	15,4	18,7	2,1
Equity ratio (%)	90,7	91,5	27,7	47,1	43,4

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Ratios</b>
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## 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 2015/16 amounted to a profit before tax of DKK 14,383k against a profit before tax of DKK 10,185k last year. The results were in line with the expectations for the year.

The Company has in the year sold the subsidairies CIDAN Machinery Inc. and CIDAN Machinery Trading Shanghai Co. Ltd. to its subsidiary CIDAN Machinery Sweden AB. The sales has not affected to profit of the year.

### Outlook

The Management expect the Company to be liquidated in 2017.

### Research and development activities

A significant increased focus on productivity and function involves increased focus on product development during the year. The Management expects this focus to continue in 2016/17.

### 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 2015/16

	<u>Notes</u>	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK</u>
<b>Gross profit</b>		<b>328.792</b>	<b>5.768.571</b>
Distribution costs		(431.018)	(338.032)
Administrative costs	1, 2	<u>179.739</u>	<u>(998.701)</u>
<b>Operating profit/loss</b>		<b>77.513</b>	<b>4.431.838</b>
Income from investments in group enterprises		14.258.672	5.592.100
Other financial income	3	249.174	716.870
Other financial expenses	4	<u>(202.829)</u>	<u>(556.227)</u>
<b>Profit/loss before tax</b>		<b>14.382.530</b>	<b>10.184.581</b>
Tax on profit/loss for the year		<u>(25.551)</u>	<u>(297.849)</u>
<b>Profit/loss for the year</b>	5	<u><b>14.356.979</b></u>	<u><b>9.886.732</b></u>

## Balance sheet at 30.09.2016

	<u>Notes</u>	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK</u>
Other fixtures and fittings, tools and equipment		0	18.265
<b>Property, plant and equipment</b>	6	<b>0</b>	<b>18.265</b>
Investments in group enterprises		30.711.562	24.978.915
<b>Fixed asset investments</b>	7	<b>30.711.562</b>	<b>24.978.915</b>
<b>Fixed assets</b>		<b>30.711.562</b>	<b>24.997.180</b>
Trade receivables		97	152.166
Receivables from group enterprises		7.230.907	6.286.675
Other receivables		16.200	21.045
Prepayments	8	83.304	62.415
<b>Receivables</b>		<b>7.330.508</b>	<b>6.522.301</b>
<b>Cash</b>		<b>5.407</b>	<b>21.490</b>
<b>Current assets</b>		<b>7.335.915</b>	<b>6.543.791</b>
<b>Assets</b>		<b>38.047.477</b>	<b>31.540.971</b>

## Balance sheet at 30.09.2016

	<u>Notes</u>	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK</u>
Contributed capital		1.050.000	1.050.000
Reserve for net revaluation according to the equity method		29.298.501	16.765.847
Retained earnings		4.179.000	3.033.019
Proposed dividend		<u>0</u>	<u>8.000.000</u>
<b>Equity</b>		<b><u>34.527.501</u></b>	<b><u>28.848.866</u></b>
Bank loans		2.848.292	1.707.466
Trade payables		140.509	283.837
Income tax payable		323.400	297.849
Other payables		<u>207.775</u>	<u>402.953</u>
<b>Current liabilities other than provisions</b>		<b><u>3.519.976</u></b>	<b><u>2.692.105</u></b>
<b>Liabilities other than provisions</b>		<b><u>3.519.976</u></b>	<b><u>2.692.105</u></b>
<b>Equity and liabilities</b>		<b><u>38.047.477</u></b>	<b><u>31.540.971</u></b>
Unrecognised rental and lease commitments	9		
Mortgages and securities	10		
Group relations	11		

## Statement of changes in equity for 2015/16

	<b>Contributed capital DKK</b>	<b>Reserve for net revaluation according to the equity method DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>
Equity beginning of year	1.050.000	16.765.847	3.033.019	8.000.000
Ordinary dividend paid	0	0	0	(8.000.000)
Exchange rate adjustments	0	(678.344)	0	0
Profit/loss for the year	0	13.210.998	1.145.981	0
<b>Equity end of year</b>	<b>1.050.000</b>	<b>29.298.501</b>	<b>4.179.000</b>	<b>0</b>
				<b>Total DKK</b>
Equity beginning of year				28.848.866
Ordinary dividend paid				(8.000.000)
Exchange rate adjustments				(678.344)
Profit/loss for the year				14.356.979
<b>Equity end of year</b>				<b>34.527.501</b>

## Notes

	<b>2015/16</b>	<b>2014/15</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	1.136.526	1.985.493
Pension costs	358.713	437.073
Other social security costs	6.604	14.380
Other staff costs	6.729	27.016
	<b>1.508.572</b>	<b>2.463.962</b>
Average number of employees	<b>2</b>	<b>4</b>
	<b>2015/16</b>	<b>2014/15</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Depreciation on property, plant and equipment	18.265	110.319
	<b>18.265</b>	<b>110.319</b>
	<b>2015/16</b>	<b>2014/15</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Other financial income</b>		
Financial income arising from group enterprises	90.823	242.176
Interest income	124	474.694
Exchange rate adjustments	158.227	0
	<b>249.174</b>	<b>716.870</b>
	<b>2015/16</b>	<b>2014/15</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	53.073	0
Interest expenses	149.756	514.186
Exchange rate adjustments	0	41.260
Other financial expenses	0	781
	<b>202.829</b>	<b>556.227</b>

## Notes

	<b>2015/16</b>	<b>2014/15</b>
	<b>DKK</b>	<b>DKK</b>
<b>5. Proposed distribution of profit/loss</b>		
Ordinary dividend for the financial year	0	8.000.000
Extraordinary dividend distributed in the financial year	0	800.000
Transferred to reserve for net revaluation according to the equity method	13.210.998	6.574.416
Retained earnings	1.145.981	(5.487.684)
	<b>14.356.979</b>	<b>9.886.732</b>
		<b>Other fixtures and fittings, tools and equipment</b>
		<b>DKK</b>
<b>6. Property, plant and equipment</b>		
Cost beginning of year		460.500
<b>Cost end of year</b>		<b>460.500</b>
Depreciation and impairment losses beginning of the year		(442.235)
Depreciation for the year		(18.265)
<b>Depreciation and impairment losses end of the year</b>		<b>(460.500)</b>
<b>Carrying amount end of year</b>		<b>0</b>

## Notes

	<b>Investment s in group enterprises DKK</b>
<b>7. Fixed asset investments</b>	
Cost beginning of year	8.213.068
Disposals	<u>(6.800.006)</u>
<b>Cost end of year</b>	<b><u>1.413.062</u></b>
Revaluations beginning of year	16.765.847
Exchange rate adjustments	(678.344)
Share of profit/loss for the year	14.760.175
Adjustment of intra-group profits	(501.503)
Reversal of revaluations	<u>(1.047.675)</u>
<b>Revaluations end of year</b>	<b><u>29.298.500</u></b>
<b>Carrying amount end of year</b>	<b><u>30.711.562</u></b>

	<b>Registered in</b>	<b>Corpo- rate form</b>	<b>Equity inte- rest %</b>
Investments in group enterprises comprise:			
CIDAN Machinery Sweden AB	Göteness, Sweden	AB	100,0

### 8. Prepayments

Prepayments relate to expenses paid for the next financial year.

	<b>2015/16 DKK</b>	<b>2014/15 DKK</b>
<b>9. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<u>127.482</u>	<u>197.949</u>
Herof liabilities under rental agreements or leases with group enterprises until expiry	<u>0</u>	<u>48.563</u>

### 10. Mortgages and securities

Bank debt is secured by company charges of a nominal value of DKK 7,000k (2014: DKK 7,000k) in inventories, plant, machinery, other fixtures and receivables.



## Notes

The carrying amount of pledged assets is DKK 7,331k against DKK 6,541k last year.

Bank loans are secured on shares in CIDAN Machinery Sweden AB.

The carrying amount of pledged shares is DKK 17,133k against DKK 22,024k last year.

### **Collateral security provided for subsidiaries and other group enterprises**

The Entity has guaranteed the subsidiary CIDAN Machinery Inc.'s debt to Nordea Bank Finland Plc-New York Branch. The maximum limit of the guarantee is USD 1,200k against USD 1,200k last year.

The Entity has guaranteed the subsidiary CIDAN Machinery Sweden AB's debt to Nordea. The maximum limit of the guarantee is SEK 26,240k against SEK 26,240k last year.

### **11. Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Pilar Holding AB, org.nr. 559041-1152, Stockholm (Sweden)

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 C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year except that no consolidated financial statements have been prepared this year. Furthermore, reclassification of some accounting items have been made.

### Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### 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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

## Accounting policies

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question are classified directly as equity.

### **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 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 attached to the distribution process.

#### **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.

#### **Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

#### **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.

## Accounting policies

### 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.

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.

### 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.

## Accounting policies

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

### 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

### Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, no cash flow statements have been prepared.