



KYOCERA UNIMERCO Fastening A/S

Drejervej 2, 7451 Sunds, Denmark
Company reg. no. 31 59 90 32

Annual Report for the period
1 April 2015 - 31 March 2016

Approved at the General Meeting _____

Chairman: 29. June 2016 *Palle Simon*

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MANAGEMENT STATEMENT

The Board of Directors and the Management have today considered and adopted the Annual Report of KYOCERA UNIMERCO Fastening A/S for 2015/16.

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

We consider the accounting policies applied appropriate, and thus the Annual Report provides a true and fair view of the company's assets, liabilities and financial position as of 31 March 2016, and of the results of the company's activities for the period 2015/16.

We are also of the opinion that the Management's report provides a true and fair account of the development in the company's activities and financial conditions, profit for the year and the company's financial position.

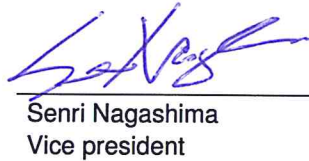
We recommend the Annual Report for adoption at the General Meeting.

Sunds, 29 June 2016

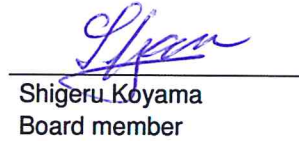
Management:



Anders Hegaard
President

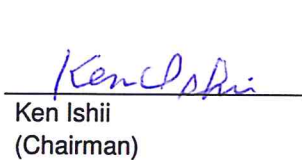


Senri Nagashima
Vice president

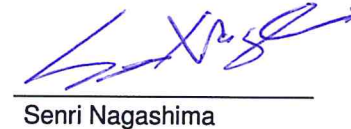


Shigeru Koyama
Board member


Board of Directors:



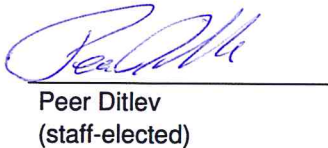
Ken Ishii
(Chairman)



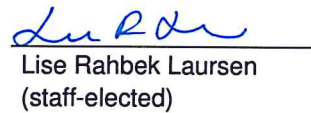
Senri Nagashima



Shigeru Koyama



Peer Ditlev
(staff-elected)



Lise Rahbek Laursen
(staff-elected)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of KYOCERA UNIMERCO Fastening A/S

Report on the Financial Statements

We have audited the Financial Statements of KYOCERA UNIMERCO Fastening A/S for the financial year 1 April 2015 - 31 March 2016, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility 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.

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 whether the Financial Statements are free from material misstatement.

An audit involves performing audit 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 misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating 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 audit opinion.

The audit has not resulted in any qualification.

Opinion

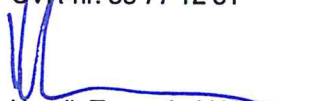
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2016 and of the results of the Company operations and cash flows for the financial year 1 April 2015 - 31 March 2016 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Financial Statements.

Århus, 29 June 2016

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
OVR-nr. 33 77 12 31


Henrik Trangeled Kristensen
State Authorised Public Accountant


Hans Jørgen Andersen
State Authorised Public Accountant

COMPANY DETAILS

KYOCERA UNIMERCO Fastening A/S
Drejervej 2
DK-7451 Sunds

Telephone : +45 97 14 14 11
Telefax : +45 97 14 14 86
Website : www.tjep.eu
E-mail : tjep@kyocera-unimerco.com
Reg. office : Sunds

Company reg. no. 31 59 90 32

Core activities

KYOCERA UNIMERCO Fastening A/S is a consultative sales and service company selling fastening solutions to the building/construction industry. The product range comprises gas-powered and pneumatic nailers, finish nailers and staplers, as well as fasteners. The company also distributes and services compressors and accessories, re-bar tiers and wire, as well as T-nut insertion solutions for the building, construction and furniture industries.

Ownership structure

The company is 100 % owned by:

KYOCERA UNIMERCO A/S
Drejervej 2
DK-7451 Sunds

Company reg. no. 26 77 69 10

Board of Directors

Ken Ishii (Chairman)
Senri Nagashima
Shigeru Koyama
Peer Ditlev (staff-elected)
Lise Rahbek Laursen (staff-elected)

Management

Anders Hegaard, President
Senri Nagashima, Vice president
Shigeru Koyama, Board member

Financial year

1 April 2015 - 31 March 2016

Auditors

PricewaterhouseCoopers

Bankers

Danske Bank & Handelsbanken

Lawyers

PLESNER, Copenhagen

General Meeting

The company's General Meeting will be held in the company's head office Wednesday 29 June 2016.

KEY FIGURES

DKK '000	2010/12 (18 months)	2012/13	2013/14	2014/15	2015/16
Gross profit	55.878	37.636	39.593	47.570	44.605
Operating profit	18.410	11.862	13.164	17.354	8.068
Financial items	-483	-363	-179	138	1.040
Net profit	13.431	8.616	9.721	13.193	6.955
Fixed assets	357	451	570	484	311
Current assets	59.935	67.253	64.302	75.826	82.519
Total assets	60.292	67.704	64.872	76.310	82.830
Share capital	10.000	10.000	10.000	10.000	10.000
Equity	48.329	56.945	56.666	69.859	76.814
Provisions	0	0	0	0	0
Non-current liabilities	0	0	0	0	0
Current liabilities	11.963	10.759	8.206	6.451	6.016
Average no. of employees	32	32	34	37	41
Investment in tangible fixed assets	0	254	424	104	0
Return on assets p.a.	33,9	26,9	26,5	30,8	11,5
Return on equity p.a.	20,3	16,4	17,1	20,9	9,5
Equity ratio	80,2	84,1	87,4	91,5	92,7

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines concerning the calculation of financial ratios.

MANAGEMENT'S REPORT

Introduction

Kyocera Unimerco Fastening A/S is a leading supplier of fastening tools. The product range comprises pneumatic and gas-driven nailers, finish nailers and staplers as well as a wide range of related fasteners. In addition, the product range includes re-bar tiers and wire, T-nut insertion solutions as well as compressors and accessories.

The company has been supplying fastening solutions to the construction industry since 1964 and maintains a good position on the Danish market based on a continuous strive to offer products of the highest quality possible, allowing users to achieve optimum results with reliable, effective and ergonomic tools. The company is experiencing considerable growth on a number of export markets and will continue the internationalisation process as the primary means of continued growth. A focal point in the future development is to expand the product range in order to meet the specific demands on existing and new markets.

Development this financial year

Earnings before tax totalled DKK 9,1 million, which is a decrease of 47,9% compared to the previous year. The result is below the expectations for the year, mainly due to considerable costs related to product and market development facilitating the ongoing internationalisation process. Based on these investments in future growth, the result is considered satisfactory.

Expectations for the year ahead

During the coming year, we will continue to focus on maintaining our position in Denmark and developing our business on export markets. Next year, we expect to be able to increase earnings before tax between 5% and 10% compared to this year.

Equity and liquidity

The year's profit after tax has increased equity by DKK 7,0 million, from DKK 69,9 million to DKK 76,8 million.

Liquidity was increased by DKK 2,7 million, from DKK 8,0 million to DKK 10,7 million.

No significant events have occurred after the balance sheet date.

Product development

In order to maintain and strengthen the position as an innovative supplier in this business segment, focus on sourcing and product development will be even stronger in the years to come. The product range will be continuously expanded with related new products in order to ensure the company's ability to offer a complete product range within the fastening segment.

Environment and quality

The company has retained and passed its environmental certifications in all audits. All relevant regulations are adhered to in a systematic approval process of new products. In relation to suppliers, all relevant regulations, e.g. CE and REACH, are compulsory for the cooperation.

ACCOUNTING POLICIES

Basic principles

The Annual Report for KYOCERA UNIMERCO Fastening A/S for 2015/16 is presented in accordance with the requirements of the Danish Financial Statements Act for class C companies (medium-sized).

The accounting policies applied in this Annual Report are unchanged from last year.

In general

Income is recognised in the income statement when earned – this includes recognition of value adjustments of financial assets and liabilities which are measured at fair value or amortised cost. Furthermore, all costs incurred to achieve the profit for the year – including depreciation, write-downs and provisions – are recognised in the income statement along with reversal of amounts, which have previously been recognised in the income statement due to changes in accounting estimates.

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

Liabilities are recognised in the balance sheet when they are probable and when they can be measured reliably.

Initial recognition of assets and liabilities is done at cost price. Subsequently, assets and liabilities are measured as described below for each item.

Certain financial assets and liabilities are measured at amortised cost price, which means a constant true interest is recognised. Amortised cost is calculated as initial cost less any instalments and addition/deduction of the accumulated amortisation of the difference between cost and nominal value. Consequently, the capital gains and losses are allocated over the expected useful lives.

When recognising and measuring, allowance is made for any profits, losses and risks that become known before the financial statements are presented and which confirm or deny conditions, which existed on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency during the year have been booked during the year at the exchange rate effective on the date of transaction. Exchange differences arising from the difference between the exchange rate on the transaction date and the exchange rate prevailing at the balance sheet date are recognised in the income statement.

Receivables, payables and other monetary items in foreign currency, which have not been settled on the balance sheet date, are translated using the closing rate. The difference between the exchange rate of the balance sheet date and the exchange rate when the receivable or debt was incurred or recognised in the latest annual report is recognised in the income statement under financial items.

Non-current assets purchased in foreign currency are translated using the rate of exchange on the date of transaction.

ACCOUNTING POLICIES

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised in other receivables or other payables.

Changes in the fair value of derivative financial instruments, which meet the criteria of fair value hedging of a recognised asset or a recognised liability, are recognised in the income statement together with any changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments, which meet the criteria of hedging of future assets or liabilities, are recognised in other receivables or other payables, as well as in equity. Earnings and expenses related to such hedging transactions are transferred from equity when the hedged position is realised and subsequently recognised in the same item as the hedged position.

For derivative financial instruments, which do not qualify as hedging instruments, changes are recognised at market value in the income statement on a continuing basis.

Income statement:

Gross profit

The company has decided to only present the gross profit, cf. the Danish Financial Statements Act section 32. Key figures and notes have been adapted accordingly.

The gross profit consists of net revenue and production costs.

The revenue related to goods for resale and manufactured goods is recognised in the income statement provided that delivery and passing of the risk have taken place before the end of the financial year, and provided that the income can be stated reliably and is expected to be received. Revenue is recognised ex VAT, taxes and discounts related to sales.

Production costs comprise cost of sales and costs incurred to achieve the revenue for the year, including depreciation and wages/salaries.

Distribution expenses

Distribution expenses comprise expenses regarding sales and distribution personnel, market development costs, other sales promotion costs, costs related to sales risks, etc., including depreciation.

Administrative expenses

Administrative expenses comprise expenses regarding administrative staff, management and office expenses, etc., including depreciation. Administrative expenses also comprise other overheads regarding IT, including technical IT, human resource development, training and education and the company canteen.

Financial income and expenses

Financial income and expenses include interest income and expenses, exchange gains and losses on securities and amortisation of financial assets and liabilities.

Tax on profit for the year

Expected tax on the year's taxable income is recognised as an expense in the income statement along with the year's adjustment of provisions for deferred tax.

The company is jointly taxed with KYOCERA UNIMERCO A/S. Corporation tax and deferred tax are provided for in the company without consideration of the joint taxation. The remaining tax is provided for in the parent company.

ACCOUNTING POLICIES

Balance sheet:

Intangible fixed assets

Development costs

Development costs comprise costs, wages/salaries and amortisations which can be directly or indirectly attributed to the development activities of the Group.

Clearly defined and identifiable development projects, for which the technical rate of utilisation, sufficient resources and a potential future market or development opportunity within the company can be demonstrated, and where it is the intent to manufacture, market or use the project, will be recognised as intangible fixed assets provided that the cost price can be measured reliably and provided that there is a sufficient degree of certainty that the future earnings can cover costs for production, sales and administration as well as costs for development.

Other development costs are recognised as costs in the income statement when incurred.

Capitalised development projects are measured at cost less accumulated depreciation or recoverable amount if this is lower.

Upon completion of the development work, recognised development costs are amortised using the straight-line method over the estimated economic useful life.

The amortisation period for projects currently capitalised is 3 years.

Acquired rights

Depreciation of investments in software purchased to improve and streamline routines, processes, etc., is amortised on a straight-line basis over a period of 5 years. Software upgrades and updates are written off immediately.

Tangible fixed assets

Plant and equipment are measured at acquisition cost less accumulated depreciation.

Machinery, vehicles, fixtures and fittings, tools and equipment are depreciated over 5 years with the following profile in per cent of the cost value:

Year 1: 40.0%
Year 2: 24.0%
Year 3: 14.4%
Year 4: 10.8%
Year 5: 10.8%

Decrease in value of assets

The accounting values of tangible as well as intangible fixed assets are calculated annually for indications of decrease in value beyond that which is expressed by depreciation. If there are indications of decrease in value, impairment tests are made of each individual asset or group of assets. The assets are written down to recoverable amount if this is lower than the accounting value.

Inventories

Inventories are recognised at cost price, using the FIFO method or net realisation value, if lower.

The cost of goods for resale comprises the purchase price plus delivery costs.

ACCOUNTING POLICIES

Receivables

Receivables are measured at amortised cost. Anticipated uncollectibles are written down.

Prepayments and deferred income

Prepayments recognised under assets comprise incurred costs related to the following financial year.

Equity – dividend

Proposed dividend is recognised as a liability in the accounts when approved at the annual general meeting (the time of announcement). The expected dividend is shown as a separate item under equity.

Deferred tax and corporation tax

Provision for deferred tax is calculated according to the debt method on the basis of all temporary differences between the tax and accounting values of assets and liabilities. Deferred tax is measured on the basis of the planned use of the asset as well as the planned settlement of the obligation.

Deferred tax is measured on the basis of the tax rules and tax rates in force when the deferred tax is expected to become current tax, based on the legislation which applies on the balance sheet date. Changes to deferred tax based on changed tax rates are recognised in the income statement.

Corporation tax is the tax expected to be liable on the year's taxable earnings calculated in accordance with the tax law, less tax on account.

Liabilities

Debt to mortgage credit institutions and credit institutions is recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, the financial liabilities are recognised at amortised cost corresponding to the capitalised value using the effective interest rate, so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, comprising trade payables and other payables, are measured at amortised cost, which essentially equals the nominal value.

Cash flow statement

With reference to section 86, subsection 4 of the Danish Financial Statements Act, no cash flow statement has been included in the annual report, because this is covered by the cash flow statement for the Group in the annual report for Kyocera Unimerco A/S.

Financial ratios

Financial ratios have been prepared in accordance with the 2010 guidelines of the Danish Society of Financial Analysts concerning the calculation of financial ratios.

The financial ratios mentioned in the section "key figures" have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$
Equity ratio	$\frac{\text{Equity (end of period)} \times 100}{\text{Liabilities, total (end of period)}}$

INCOME STATEMENT FOR THE PERIOD 1 APRIL 2015 - 31 MARCH 2016

DKK '000	<u>Note</u>	KYOCERA UNIMERCO Fastening A/S	
		2015/16	2014/15
Gross profit		44.605	47.570
Distribution expenses	1	-26.869	-24.104
Administrative expenses	1	-9.668	-6.112
Operating profit		8.068	17.354
Interest and similar income	2	2.108	1.100
Interest and similar expenses	3	-1.068	-962
EBT		9.108	17.492
Tax on profit for the year	4	-2.153	-4.299
Net profit		6.955	13.193
Proposal for distribution of profit:			
Proposed dividend		0	0
Retained profit		6.955	13.193
		6.955	13.193

BALANCE SHEET AS OF 31 MARCH 2016

DKK '000	Note	KYOCERA UNIMERCO Fastening A/S	
		31/03/2016	31/03/2015
<u>ASSETS</u>			
Completed development projects		0	0
Acquired rights		8	24
Intangible fixed assets	5	8	24
Machinery, vehicles, fixtures and fittings, tools and equipment		147	254
Tangible fixed assets	6	147	254
Non-current receivables	7	105	154
Deferred tax assets	8	51	52
Fixed asset investments		156	206
FIXED ASSETS		311	484
Goods for resale		44.947	47.793
Inventories		44.947	47.793
Trade receivables		19.134	17.135
Receivables from group enterprises		2.968	2.518
Corporation tax receivable		2.402	0
Other receivables		192	39
Prepayments		2.152	325
Receivables		26.848	20.017
Cash at bank and in hand		10.724	8.016
CURRENT ASSETS		82.519	75.826
ASSETS TOTAL		82.830	76.310

BALANCE SHEET AS OF 31 MARCH 2016

DKK '000	Note	KYOCERA UNIMERCO Fastening A/S	
		2015/16	2014/15
<u>LIABILITIES</u>			
Share capital		10.000	10.000
Retained earnings		<u>66.814</u>	<u>59.859</u>
EQUITY	9	<u>76.814</u>	<u>69.859</u>
Payables to group enterprises		867	805
Trade payables		482	1.474
Corporation tax		0	299
Other payables		<u>4.667</u>	<u>3.873</u>
Current liabilities		<u>6.016</u>	<u>6.451</u>
LIABILITIES		<u>6.016</u>	<u>6.451</u>
LIABILITIES TOTAL		<u>82.830</u>	<u>76.310</u>
Contingent liabilities and other financial obligations	10		
Related parties	11		

NOTES

DKK '000	KYOCERA UNIMERCO Fastening A/S	
	<u>2015/16</u>	<u>2014/15</u>
1 <u>Staff</u>		
Wages and salaries	19.633	17.255
Pensions	1.122	1.001
Other social security expenses	<u>272</u>	<u>249</u>
	<u>21.027</u>	<u>18.505</u>
The above is recognised in the annual report as follows:		
Production expenses	6.393	5.081
Distribution expenses	<u>14.634</u>	<u>13.424</u>
	<u>21.027</u>	<u>18.505</u>
Salaries for the company's Management and fees for the Board have been charged to the income statement of KYOCERA UNIMERCO A/S.		
Average number of employees	<u>41</u>	<u>37</u>
Employees as at 31 March 2016	<u>43</u>	<u>39</u>
2 <u>Financial income</u>		
Interest received from group enterprises	0	62
Other financial income	<u>2.108</u>	<u>1.038</u>
	<u>2.108</u>	<u>1.100</u>

NOTES

DKK '000	KYOCERA UNIMERCO Fastening A/S	
	<u>2015/16</u>	<u>2014/15</u>
3 <u>Financial expenses</u>		
Interest paid to group enterprises	3	6
Other financial expenses	<u>1.065</u>	<u>956</u>
	<u>1.068</u>	<u>962</u>
4 <u>Tax on profit for the year</u>		
Current tax for the year	2.152	4.299
Change in deferred tax for the year	<u>1</u>	<u>0</u>
	<u>2.153</u>	<u>4.299</u>
Which can be specified as:		
Tax on profit for the year	<u>2.153</u>	<u>4.299</u>
	<u>2.153</u>	<u>4.299</u>
Tax on profit for the year can be specified as:		
Tax on profit for the year	2.140	4.286
Tax effect of:		
Non-deductible expenses	<u>13</u>	<u>13</u>
	<u>2.153</u>	<u>4.299</u>

NOTES

5 Intangible fixed assets

DKK '000	<u>Completed development projects</u>	<u>Acquired rights</u>	<u>Total</u>
Cost at 1 April 2015	814	130	944
Additions for the year	0	0	0
Disposals for the year	-814	0	-814
Cost at 31 March 2016	0	130	130
Amortisation at 1 April 2015	814	106	920
Amortisation for the year	0	16	16
Reversal of amortisation of sold assets	-814	0	-814
Amortisation at 31 March 2016	0	122	122
Carrying amount at 31 March 2016	0	8	8
Carrying amount at 31 March 2015	0	24	24

6 Tangible fixed assets

DKK '000	<u>Machinery etc.</u>	<u>Total</u>
Cost at 1 April 2015	2.195	2.195
Additions for the year	0	0
Disposals for the year	0	0
Cost at 31 March 2016	2.195	2.195
Depreciation at 1 April 2015	1.941	1.941
Depreciation for the year	107	107
Reversal of depreciation of sold assets	0	0
Depreciation at 31 March 2016	2.048	2.048
Carrying amount at 31 March 2016	147	147
Carrying amount at 31 March 2015	254	254

NOTES

7 Fixed asset investments

DKK '000	<u>Non current receivables</u>	
Cost at 1 April 2015		129
Additions for the year		0
Disposals for the year		<u>-43</u>
Cost at 31 March 2016		<u>86</u>
Revaluation at 1 April 2015		25
Exchange rate adjustment		<u>-6</u>
Revaluation at 31 March 2016		<u>19</u>
Carrying amount at 31 March 2016		<u>105</u>
Carrying amount at 31 March 2015		<u>154</u>
8 <u>Deferred tax assets</u>		
	<u>31/03/2016</u>	<u>31/03/2015</u>
Deferred tax assets at 1 April 2015	52	52
Changes of the year	<u>-1</u>	<u>0</u>
Carrying amount at 31 March 2016	<u>51</u>	<u>52</u>
The deferred tax assets relate to:		
Fixed assets	<u>51</u>	<u>52</u>
Carrying amount at 31 March 2016	<u>51</u>	<u>52</u>

NOTES

9 Equity

DKK '000	<u>Share capital</u>	<u>Retained profit</u>	<u>Proposed dividend</u>	<u>Total</u>
Equity at 1 April 2014	10.000	46.666	0	56.666
Dividend paid	0	0	0	0
Net profit for the year	<u>0</u>	<u>13.193</u>	<u>0</u>	<u>13.193</u>
Equity at 31 March 2015	10.000	59.859	0	69.859
Dividend paid	0	0	0	0
Net profit for the year	<u>0</u>	<u>6.955</u>	<u>0</u>	<u>6.955</u>
Equity at 31 March 2016	10.000	66.814	0	76.814

The share capital of the company is DKK 10.000 thousand divided into shares of DKK 1.000 or multiples thereof.

10 Contingent liabilities and other financial obligations

Rental and lease commitments

The company has entered into operational lease commitments totalling DKK 694 thousand, payable within the coming year. The lease commitments amount to a total of DKK 2.320 thousand.

Furthermore, the company has entered into tenancy agreements to rent warehouse facilities. The annual rent amounts to DKK 900 thousand.

Contingent liabilities

The Danish companies of the Group are jointly and severally liable for tax on the group's taxed income.

11 Related parties

The company is owned 100% by KYOCERA UNIMERCO A/S, Drejervej 2, 7451 Sunds, which prepares the consolidated financial statements for the group of which KYOCERA UNIMERCO Fastening A/S is a part.