

# Baltic Industries & Consulting A/S

Springbankevej 14, 7323 Give, Denmark

CVR no. 32 15 32 08



## Annual report 2016

Approved at the annual general meeting of shareholders on 3 March 2017

Chairman:



Jens-Chr. Møller



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working world



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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Baltic Industries & Consulting A/S for the financial year 1 January - 31 December 2016.

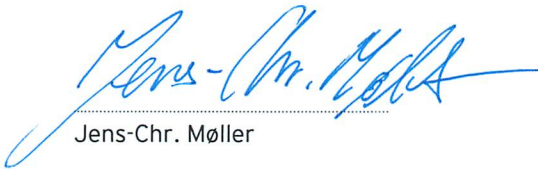
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Given, 3 March 2017  
Executive Board:



Jens-Chr. Møller

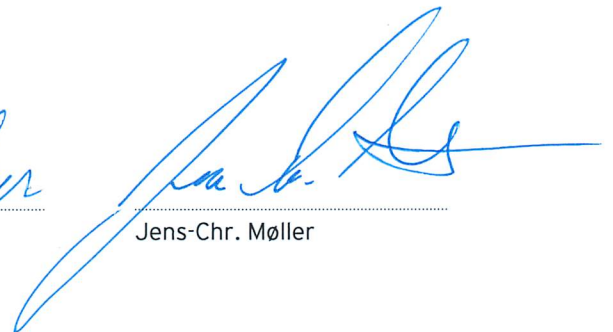
Board of Directors:



Lucja Kalkstein  
Chairman



Maj Winther Møller



Jens-Chr. Møller

## Independent auditors' report

To the shareholders of Baltic Industries & Consulting A/S

### Opinion

We have audited the financial statements of Baltic Industries & Consulting A/S for the financial year 1 January - 31 December 2016, which comprise an 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 financial position of the Company at 31 December 2016, and of the results of the Company operations for the financial year 1 January - 31 December 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 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 taken on the basis of the 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.
- ▶ 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.

## Independent auditors' report

- ▶ 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 conclusion is 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 the Management's review.

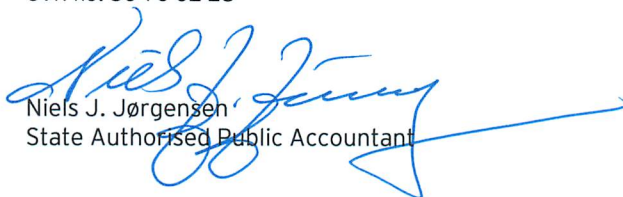
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the 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 the Management's review.

Herning, 3 March 2017  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

  
Niels J. Jørgensen  
State Authorised Public Accountant



## Management's review

### Company details

Name	Baltic Industries & Consulting A/S
Address, Postal code, City	Springbankevej 14, 7323 Give, Denmark
CVR no.	32 15 32 08
Established	18 May 2009
Registered office	Vejle
Financial year	1 January - 31 December
Board of Directors	Lucja Kalkstein, Chairman Maj Winther Møller Jens-Chr. Møller
Executive Board	Jens-Chr. Møller
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Industrivej Nord 9, P.O. Box 360, 7400 Herning, Denmark



## **Management's review**

### **Management commentary**

#### **Business review**

The Company's Principal activities are production and consulting within building and industry also including related activities.

#### **Financial review**

The income statement for 2016 shows a profit of DKK 466,827 against a DKK 211,548 last year, and the balance sheet at 31 December 2016 shows equity of DKK 1,827,960.

#### **Events after the balance sheet date**

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

## Financial statements for the period 1 January - 31 December

### Income statement

Note	DKK	2016	2015
	<b>Gross margin</b>	2,034,955	2,493,726
2	Staff costs	-1,345,651	-1,969,554
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-55,011	-39,810
	Other operating expenses	-20,830	-148,342
	<b>Profit before net financials</b>	613,463	336,020
	Financial income	0	12
3	Financial expenses	-13,067	-42,025
	<b>Profit before tax</b>	600,396	294,007
4	Tax for the year	-133,569	-82,459
	<b>Profit for the year</b>	466,827	211,548
	<b>Recommended appropriation of profit</b>		
	Retained earnings	466,827	211,548
		466,827	211,548



## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK	2016	2015
	<b>ASSETS</b>		
	Non-current assets		
5	Intangible assets		
	Acquired intangible assets	0	0
		0	0
6	Property, plant and equipment		
	Land and buildings	1,776,000	1,782,000
	Other fixtures and fittings, tools and equipment	430,637	44,340
	Leasehold improvements	281,975	0
		2,488,612	1,826,340
	<b>Financial assets</b>		
	Deferred tax assets	34,275	53,636
		34,275	53,636
	<b>Total non-current assets</b>	2,522,887	1,879,976
	<b>Current assets</b>		
	Receivables		
	Trade receivables	171,483	88,357
	Other receivables	53,207	108,166
	Deferred income	45,361	17,810
		270,051	214,333
	<b>Cash</b>	655,179	770,379
	<b>Total Current assets</b>	925,230	984,712
	<b>TOTAL ASSETS</b>	3,448,117	2,864,688

## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK	2016	2015
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
7	Share capital	500,000	500,000
	Retained earnings	1,327,960	861,133
	<b>Total equity</b>	<b>1,827,960</b>	<b>1,361,133</b>
8	<b>Non-current liabilities</b>		
	Mortgage debt	927,792	967,630
	<b>Total non-current liabilities</b>	<b>927,792</b>	<b>967,630</b>
	<b>Current liabilities</b>		
	Mortgage debt	39,200	37,000
	Bank debt	7,393	0
	Trade payables	408,001	0
	Payables to group entities	0	25,412
	Income taxes payable	114,208	83,314
	Other payables	123,563	390,199
	<b>Total current liabilities</b>	<b>692,365</b>	<b>535,925</b>
	<b>Total liabilities</b>	<b>1,620,157</b>	<b>1,503,555</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,448,117</b>	<b>2,864,688</b>

- 1 Accounting policies
- 9 Contractual obligations and contingencies, etc.
- 10 Collateral
- 11 Related parties

## Financial statements for the period 1 January - 31 December

### Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2016	500,000	861,133	1,361,133
Profit/loss for the year	0	466,827	466,827
<b>Equity at 31 December 2016</b>	<u>500,000</u>	<u>1,327,960</u>	<u>1,827,960</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Baltic Industries & Consulting A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act to report reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

Income from the sale of goods for resale and finished goods, is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

##### Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

##### Other external expenses

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

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Land and buildings	50 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### 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 Company and its Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and direct production overheads. Indirect production overheads and borrowing costs are not included in the cost.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

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

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

	2016	2015
DKK		
<b>2 Staff costs</b>		
Wages/salaries	1,214,181	1,777,710
Pensions	101,360	150,160
Other social security costs	30,110	41,684
	<u>1,345,651</u>	<u>1,969,554</u>
Average number of full-time employees	<u>3</u>	<u>5</u>
<b>3 Financial expenses</b>		
Interest expenses, group entities	0	29,125
Other financial expenses	13,067	12,900
	<u>13,067</u>	<u>42,025</u>
<b>4 Tax for the year</b>		
Estimated tax charge for the year	114,208	83,314
Deferred tax adjustments in the year	18,885	-855
Tax adjustments, prior years	476	0
	<u>133,569</u>	<u>82,459</u>
<b>5 Intangible assets</b>		
		<b>Acquired intangible assets</b>
DKK		
Cost at 1 January 2016		<u>170,000</u>
Cost at 31 December 2016		<u>170,000</u>
Impairment losses and amortisation at 1 January 2016		<u>170,000</u>
Impairment losses and amortisation at 31 December 2016		<u>170,000</u>
Carrying amount at 31 December 2016		<u>0</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 6 Property, plant and equipment

DKK	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2016	1,900,000	244,505	0	2,144,505
Additions in the year	0	420,467	296,816	717,283
Cost at 31 December 2016	1,900,000	664,972	296,816	2,861,788
Impairment losses and depreciation at 1 January 2016	118,000	200,165	0	318,165
Amortisation/depreciation in the year	6,000	34,170	14,841	55,011
Impairment losses and depreciation at 31 December 2016	124,000	234,335	14,841	373,176
Carrying amount at 31 December 2016	1,776,000	430,637	281,975	2,488,612

DKK 2016

#### 7 Share capital

Analysis of the share capital:

500,000 shares of DKK 1.00 nominal value each	<u>500,000</u>
	<u>500,000</u>

The Company's share capital has remained DKK 500,000 over the past 5 years.

#### 8 Non-current liabilities

Of the long-term liabilities, DKK 771,000 falls due for payment after more than 5 years after the balance sheet date.

#### 9 Contractual obligations and contingencies, etc.

##### Contingent liabilities

Guarantee commitments consist of a guarantee provided in respect of bank commitments in BIC Electric Sp. z o.o.

##### Other contingent liabilities

The Company is jointly taxed with its parent, Jens-Chr. Møller Holding ApS, CVR no. 30 52 97 07, which acts as management company, and is jointly and severally with other jointly taxed group entities for payment of income taxes for the income year. The jointly taxed group entities total known liability to the Central Tax Administration appear in the management company's financial statement.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 10 Collateral

As security for the Company's debt to banks, creditors and other suppliers, the Company has placed assets or other as security, worth a total of DKK 967,000. The total carrying amount of the assets having been put up as security is DKK 1,776,000.

#### 11 Related parties

Baltic Industries & Consulting A/S' related parties comprise the following:

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Jens-Chr. Møller Holding ApS	Springbankevej 14, 7323 Give, Denmark	Participating interest

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Jens-Chr. Møller Holding ApS	Springbankevej 14, 7323 Give, Denmark
Lucja Kalkstein	Ul. Gorlicka 15, 71-042 Szczecin, Polen