

KS Gruppen A/S

Troensevej 20

9220 Aalborg Øst

Central Business Registration No

33861419

Annual report 2016

The Annual General Meeting adopted the annual report on 07.03.2017

Chairman of the General Meeting

Name: Nils Dorin Jacobsen

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Entity details

Entity

KS Gruppen A/S
Troensevej 20
9220 Aalborg Øst

Central Business Registration No: 33861419

Registered in: Aalborg

Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Nils Dorin Jacobsen, Chairman
Joachim Kaufmann
Claus Svensk Jessen

Executive Board

Claus Svensk Jessen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Gøteborgvej 18
9200 Aalborg SV

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of KS Gruppen A/S for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

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.

Aalborg, 07.03.2017

Executive Board

Claus Svensk Jessen

Board of Directors

Nils Dorin Jacobsen
Chairman

Joachim Kaufmann

Claus Svensk Jessen

Independent auditor's reports

To the shareholders of KS Gruppen A/S

Report on extended review of the financial statements

We have performed an extended review of the financial statements of KS Gruppen A/S for the financial year 01.01.2016 - 31.12.2016. The financial statements, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement, notes and accounting policies, 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. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

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.

Independent auditor's reports

In connection with our extended review 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 extended review 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.

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.

Aalborg, 07.03.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Lars Birner Sørensen

State Authorised Public Accountant

Management commentary

Primary activities

The Company's primary activities consist of trade in and production of industrial wheels and castors, internal transport materials as well as related activities.

Development in activities and finances

Profit for the year amounts to DKK 2,857k at 31 December 2016 after which equity amounts to DKK 12,937k.

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

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Gross profit		10,230,363	8,441,486
Staff costs	2	(6,700,847)	(5,960,578)
Depreciation, amortisation and impairment losses		<u>(238,520)</u>	<u>(160,219)</u>
Operating profit/loss		3,290,996	2,320,689
Income from investments in group enterprises		316,299	455,649
Other financial income	3	112,984	97,747
Other financial expenses	4	<u>(137,648)</u>	<u>(209,770)</u>
Profit/loss before tax		3,582,631	2,664,315
Tax on profit/loss for the year	5	<u>(725,780)</u>	<u>(515,933)</u>
Profit/loss for the year		<u>2,856,851</u>	<u>2,148,382</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		200,000	200,000
Retained earnings		<u>2,656,851</u>	<u>1,948,382</u>
		<u>2,856,851</u>	<u>2,148,382</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Plant and machinery		0	0
Other fixtures and fittings, tools and equipment		794,165	859,665
Property, plant and equipment	6	794,165	859,665
Investments in group enterprises		7,584,852	8,268,553
Other receivables		169,000	169,000
Fixed asset investments	7	7,753,852	8,437,553
Fixed assets		8,548,017	9,297,218
Manufactured goods and goods for resale		3,097,502	3,460,817
Inventories		3,097,502	3,460,817
Trade receivables		4,723,653	3,918,042
Receivables from group enterprises		2,326,816	2,306,773
Other receivables		92,255	4,745
Prepayments		167,161	187,007
Receivables		7,309,885	6,416,567
Cash		1,381,752	1,087,172
Current assets		11,789,139	10,964,556
Assets		20,337,156	20,261,774

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital		500,000	500,000
Retained earnings		12,236,510	9,579,659
Proposed dividend		<u>200,000</u>	<u>200,000</u>
Equity		<u>12,936,510</u>	<u>10,279,659</u>
Deferred tax		<u>151,000</u>	<u>174,144</u>
Provisions		<u>151,000</u>	<u>174,144</u>
Bank loans		57	0
Prepayments received from customers		53,048	28,842
Trade payables		822,832	687,947
Payables to group enterprises		0	1,010,009
Income tax payable		748,924	405,309
Other payables	8	<u>5,624,785</u>	<u>7,675,864</u>
Current liabilities other than provisions		<u>7,249,646</u>	<u>9,807,971</u>
Liabilities other than provisions		<u>7,249,646</u>	<u>9,807,971</u>
Equity and liabilities		<u>20,337,156</u>	<u>20,261,774</u>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Mortgages and securities	12		

Statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500,000	9,579,659	200,000	10,279,659
Ordinary dividend paid	0	0	(200,000)	(200,000)
Profit/loss for the year	0	2,656,851	200,000	2,856,851
Equity end of year	500,000	12,236,510	200,000	12,936,510

Cash flow statement 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Operating profit/loss		3,290,996	2,320,689
Amortisation, depreciation and impairment losses		238,520	160,219
Working capital changes	9	<u>(3,431,943)</u>	<u>(1,525,045)</u>
Cash flow from ordinary operating activities		97,573	955,863
Financial income received		112,984	97,748
Financial income paid		(137,705)	(210,284)
Income taxes refunded/(paid)		<u>(405,309)</u>	<u>(495,733)</u>
Cash flows from operating activities		<u>(332,457)</u>	<u>347,594</u>
Acquisition etc of property, plant and equipment		(173,020)	(627,408)
Dividends received		<u>1,000,000</u>	<u>800,000</u>
Cash flows from investing activities		<u>826,980</u>	<u>172,592</u>
Dividend paid		<u>(200,000)</u>	<u>(200,000)</u>
Cash flows from financing activities		<u>(200,000)</u>	<u>(200,000)</u>
Increase/decrease in cash and cash equivalents		294,523	320,186
Cash and cash equivalents beginning of year		<u>1,087,172</u>	<u>766,986</u>
Cash and cash equivalents end of year		<u>1,381,695</u>	<u>1,087,172</u>
Cash and cash equivalents at year-end are composed of:			
Cash		1,381,752	1,087,172
Short-term debt to banks		<u>(57)</u>	<u>0</u>
Cash and cash equivalents end of year		<u>1,381,695</u>	<u>1,087,172</u>

Notes

1. 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.

	2016	2015
	DKK	DKK
2. Staff costs		
Wages and salaries	6,113,684	5,388,157
Pension costs	468,332	437,864
Other social security costs	118,831	134,557
	6,700,847	5,960,578
Average number of employees	12	11
	2016	2015
	DKK	DKK
3. Other financial income		
Financial income arising from group enterprises	18,375	24,000
Interest income	47,609	26,747
Other financial income	47,000	47,000
	112,984	97,747
	2016	2015
	DKK	DKK
4. Other financial expenses		
Financial expenses from group enterprises	15,431	24,884
Interest expenses	784	159
Other financial expenses	121,433	184,727
	137,648	209,770
	2016	2015
	DKK	DKK
5. Tax on profit/loss for the year		
Tax on current year taxable income	748,924	405,309
Change in deferred tax for the year	(23,144)	110,624
	725,780	515,933

Notes

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
6. Property, plant and equipment		
Cost beginning of year	591,953	3,149,336
Additions	0	173,020
Cost end of year	591,953	3,322,356
Depreciation and impairment losses beginning of the year	(591,953)	(2,289,671)
Depreciation for the year	0	(238,520)
Depreciation and impairment losses end of the year	(591,953)	(2,528,191)
Carrying amount end of year	0	794,165

	Investments in group enterprises DKK	Other receivables DKK
7. Fixed asset investments		
Cost beginning of year	10,562,095	169,000
Cost end of year	10,562,095	169,000
Impairment losses beginning of year	(2,293,542)	0
Amortisation of goodwill	(655,668)	0
Share of profit/loss for the year	971,967	0
Dividend	(1,000,000)	0
Impairment losses end of year	(2,977,243)	0
Carrying amount end of year	7,584,852	169,000

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
Rota-Dan A/S	Aalborg	A/S	100.0

Notes

	2016	2015
	DKK	DKK
8. Other payables		
VAT and duties	1,486,801	1,139,256
Wages and salaries, personal income taxes, social security costs, etc payable	523,573	123,650
Holiday pay obligation	876,203	855,577
Other costs payable	2,738,208	5,557,381
	5,624,785	7,675,864

	2016	2015
	DKK	DKK
9. Change in working capital		
Increase/decrease in inventories	363,315	(51,670)
Increase/decrease in receivables	(893,318)	128,829
Increase/decrease in trade payables etc	(2,901,940)	(1,602,204)
	(3,431,943)	(1,525,045)

	2016	2015
	DKK	DKK
10. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	292,247	598,223
Herof liabilities under rental agreements or leases with group enterprises until expiry	336,336	336,336

11. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Anders Svensk Jessen Holding I ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

Notes

12. Mortgages and securities

The Company has no assets charged.

The Company has provided security for Troensevej 20 ApS's and Rota-Dan A/S's bank debt, however, there is no debt at 31 December 2016.

The Company has also provided security for Troensevej 20 ApS's debt to Realkredit Danmark. The carrying amount of Troensevej 20 ApS's debt to Realkredit Danmark ApS amounts to DKK 5,845k at 31 December 2016.

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 with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 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, 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, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Accounting policies

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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation and impairment losses relating to property, plant and equipment comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

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 dividends etc received on other investments, 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.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Plant and machinery as well as 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.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

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:

Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

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.

Accounting policies

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

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.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments as well as purchase and sale, etc of property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.