

# **DMG Mori Denmark ApS**

**Snaremosvej 188 A  
Erritsø  
7000 Fredericia**

**CVR no. 34 07 61 54**

## **Annual report 2015**

The annual report was presented and  
adopted at the annual general meeting of  
the Company on 22 June 2016

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Chairman

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

The Board of Directors and the Executive Board have today discussed and approved the annual report of DMG Mori Denmark ApS for the financial year 1 January - 31 December 2015.

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

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the result of the Company's operations for the financial year 1 January - 31 December 2015.

In our opinion, the Management's review includes a fair review of the development in the Company's operations and financial conditions, the results for the year and the Company's financial position.

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

Copenhagen, 22 June 2016

### Executive Board

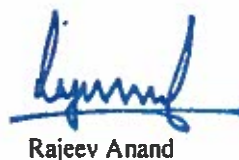


Lars Jensen  
CEO

### Board of Directors



Minoru Furuta  
Chairman



Rajeev Anand

## **Independent auditor's report**

To the shareholder of DMG Mori Denmark ApS

### **Independent auditor's report on the financial statements**

We have audited the financial statements of DMG Mori Denmark ApS for the financial year 1 January - 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet and notes. 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 that 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 opinion.

Our audit has not resulted in any qualification.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

## **Independent auditor's report**

### **Statement on the Management's review**

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

København, 22 June 2016

**KPMG**  
Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98



Keng W. Hansen  
State Authorised  
Public Accountant

## Management's review

### Company details

#### Company

DMG Mori Denmark ApS  
Snaremosvej 188 A  
Erritso  
7000 Fredericia  
Denmark

CVR no.: 34 07 61 54  
Financial year: 1 January - 31 December  
Established: 23 November 2011  
Registered office: Fredericia

#### Board of Directors

Minoru Furuta, Chairman  
Rajeev Anand

#### Executive Board

Lau Jensen, CEO

#### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø  
Denmark

#### General meeting

The annual general meeting will be held on 22 June 2016 at the Company's address.

## Management's review

### Financial highlights

The Company's development in the last four years can be described as follows:

	2015	2014	2013	2012
	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>				
Gross profit	25,770	20,733	25,835	7,217
Profit/loss before financial income and expenses	5,510	2,337	4,039	-11,527
Net financials	-2,576	-1,263	-1,410	-893
Profit/loss for the year	2,085	787	943	-9,318
Total assets	77,294	70,058	58,078	64,482
Investment in property, plant and equipment	223	0	41	1,743
Equity	19,988	6,713	5,927	4,984
<b>Ratios</b>				
Return on assets	7.5%	3.6%	6.6%	-35.8%
Solvency ratio	25.9%	9.6%	10.2%	7.7%
Return on equity	15.6%	12.5%	17.3%	-373.9%

The ratios have been prepared in accordance with the recommendations and guidelines for 2015 issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

## **Management's review**

### **Operating review**

#### **Principal activities of the Company**

The primary activities of the Company are sale of electronically-operated turning lathes as well as spare parts and related services.

The products are sold primarily in Denmark and the Nordic countries.

#### **Financial risks**

The Company bears currency and credit risks.

##### *Foreign exchange risks*

The Company's transactions primarily take place in DKK and EUR where the foreign exchange risks are assessed as low.

##### *Credit risks*

The Company, in general, bear the risk of bad debt, which may result in value adjustments or in individual cases may even result in default.

#### **Development in activities and financial position**

The results for the year show a profit of DKK 1,957 thousand. Management considers the results for the year satisfactory and in line with expectations.

The balance sheet at 31 December 2015 shows equity of DKK 19,860 thousand.

#### **Financial structure**

The company's operations are financed by loans from the parent company.

The parent company will not demand early repayment of the balance due until DMG Mori Denmark ApS has sufficient financial resources to repay the balance without detriment to its ability to continue operations.

##### *New products*

The Company did not introduce any new products in 2015.

##### *Investments*

The Company had not made any significant investments in 2015.

##### *Capital resources*

The Capital resources is mainly presented by share capital of DKK 20,853 thousands (The share capital has been increase in 2015 by EUR 1,500 thousands in 2015) and debt capital EUR 5,564 thousands.



## **Management's review**

### **Subsequent events**

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

### **Outlook for the coming year**

The Company expects stable development in 2016 and slightly higher results in revenue and profit compared to 2015. The Company's earnings do, however, depend on the general development in global market trends.

## **Financial statements 1 January - 31 December**

### **Accounting policies**

The annual report of DMG Mori Denmark ApS for 2015 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

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

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of DMG Mori AG.

### **Income Statement**

#### **Gross profit**

With reference to Section 32 of the Danish Financial Statement Act, the items revenue, costs of goods sold and other external costs are combined in the item gross profit.

#### **Revenue**

Income from the sale of goods, comprising the sale of machinery, spare parts and services, is recognised in the income statement when delivery and transfer of risk to the buyer have taken place and provided that the income can be reliably measured and is expected to be received.

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

#### **Other external expenses**

Other external costs comprise costs related to distribution, sales, advertising, administration, premises, losses on debtors, operating leases, etc.

#### **Staff costs**

Staff costs comprise wages and salaries, including holiday pay and pension contributions, and other social security costs, etc., relating to the Company's employees. Staff costs are less government refunds received.

#### **Financial income and expenses**

Financial income and expenses comprise interest income and expenses, realised and unrealised gains and losses transactions, denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

## **Financial statements 1 January - 31 December**

### **Accounting policies**

#### **Tax on profit for the year**

Tax for the year comprises current tax and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

### **Balance Sheet**

#### **Intangible assets**

##### **Acquired rights**

Acquired rights is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life, which is estimated at 10 years.

##### **Goodwill**

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life, which is estimated at 20 years.

#### **Property, plant and equipment**

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

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 are as follows:

Fixtures and fittings, tools and equipment	3-5 years
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Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other income and other operating costs, respectively.

#### **Impairment of assets**

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

## **Financial statements 1 January - 31 December**

### **Accounting policies**

#### **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.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

#### **Receivables**

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of 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 comprise costs incurred in relation to subsequent financial years.

#### **Equity**

##### ***Dividend***

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date).

#### **Corporation tax and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

## **Financial statements 1 January - 31 December**

### **Accounting policies**

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at their expected realisable value; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

### **Liabilities other than provisions**

Liabilities are measured at amortized costs, which normally corresponds to net realisable value.

### **Financial ratios**

Financial ratios are calculated as follows:

Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$

## Financial statements 1 January - 31 December

### Income statement

	Note	2015 DKK'000	2014 DKK'000
<b>Gross profit</b>		<b>25,770</b>	<b>20,733</b>
Staff costs	1	-18,638	-16,772
Depreciation of intangible assets and property, plant and equipment	5,6	-1,622	-1,624
<b>Profit/loss before financial income and expenses</b>		<b>5,510</b>	<b>2,337</b>
Financial income	2	0	17
Financial expenses	3	-2,576	-1,280
<b>Profit/loss before tax</b>		<b>2,934</b>	<b>1,074</b>
Tax on profit for the year	4	-849	-287
<b>Profit/loss for the year</b>		<b>2,085</b>	<b>787</b>
<b>Proposed distribution of profit</b>			
Retained earnings		2,085	787
		<u>2,085</u>	<u>787</u>

## Financial statements 1 January - 31 December

### Balance sheet

	Note	2015 DKK'000	2014 DKK'000
<b>Assets</b>			
Acquired rights		0	2,606
Goodwill		20,085	21,323
<b>Intangible assets</b>	5	<b>20,085</b>	<b>23,929</b>
Fixtures and fittings, tools and equipment		524	685
<b>Property, plant and equipment</b>	6	<b>524</b>	<b>685</b>
<b>Non-current assets</b>		<b>20,609</b>	<b>24,614</b>
Goods for resale		3,690	10,594
<b>Inventories</b>		<b>3,690</b>	<b>10,594</b>
Trade receivables		11,573	15,385
Receivables from group entities		2,325	2,659
Other receivables		1,494	1,662
Deferred tax asset	8	280	1,129
Prepayments		106	136
<b>Receivables</b>		<b>15,778</b>	<b>20,971</b>
Cash at bank and in hand		37,217	13,879
<b>Total current assets</b>		<b>56,685</b>	<b>45,444</b>
<b>Total assets</b>		<b>77,294</b>	<b>70,058</b>

## Financial statements 1 January - 31 December

### Balance sheet

	Note	2015 DKK'000	2014 DKK'000
<b>Equity and liabilities</b>			
Share capital		818	743
Retained earnings		19,170	5,970
<b>Total equity</b>	<b>7</b>	<b>19,988</b>	<b>6,713</b>
Prepayments received from customers		5,979	3,804
Trade payables		1,171	1,789
Payables to group entities		45,527	54,235
Other payables		4,629	3,517
<b>Current liabilities</b>		<b>57,306</b>	<b>63,345</b>
<b>Total liabilities</b>		<b>57,306</b>	<b>63,345</b>
<b>Total equity and liabilities</b>		<b>77,294</b>	<b>70,058</b>
Contingent assets, liabilities and other financial obligations	9		
Related parties and ownership	10		



## Financial statements 1 January - 31 December

### Notes

	2015 DKK'000	2014 DKK'000
<b>1 Staff costs</b>		
Wages and salaries	16,984	15,227
Pensions	1,335	1,222
Other social security costs	319	323
	<u>18,638</u>	<u>16,772</u>
 Average number of employees	 <u>30</u>	 <u>30</u>
 According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.		
<b>2 Financial income</b>		
Interest income	<u>0</u>	<u>17</u>
	<u>0</u>	<u>17</u>
<b>3 Financial expenses</b>		
Financial expenses, group entities	2,249	657
Other financial expenses	327	623
	<u>2,576</u>	<u>1,280</u>
<b>4 Tax on profit for the year</b>		
Deferred tax adjustment	<u>849</u>	<u>287</u>
	<u>849</u>	<u>287</u>

## Financial statements 1 January - 31 December

### Notes

#### 5 Intangible assets

	Acquired rights	Goodwill
	DKK'000	DKK'000
Cost 1 January	2,606	24,755
Disposals for the year	-2,606	0
Cost 31 December	0	24,755
Impairment losses and depreciation 1 January	0	3,432
Depreciation for the year	0	1,238
Impairment losses and depreciation 31 December	0	4,670
Carrying amount at 31 December 2015	0	20,085
	10 years	20 years
Depreciated over		

Goodwill relates to activities in former branches of DMG and Mori Seiki, which were transferred to the Company in connection with the establishment of the Company in 2011/12.

## Financial statements 1 January - 31 December

### Notes

#### 6 Property, plant and equipment

	Fixtures and fittings, tools and equipment DKK'000
Cost 1 January	1,785
Additions for the year	223
Cost 31 December	2,008
Impairment losses and depreciation 1 January	1,100
Depreciation for the year	384
Impairment losses and depreciation 31 December	1,484
Carrying amount at 31 December 2015	524
Depreciated over	3-5 years

#### 7 Equity

	Share capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity 1 January	743	5,969	6,712
Cash capital increase	75	11,116	11,191
Profit for the year	0	2,085	2,085
Equity 31 December	818	19,170	19,988

## Financial statements 1 January - 31 December

### Notes

The share capital consists of 110,000 shares of a nominal value of € 1 each (DKK 818 thousand). No shares carry any special rights.  
Changes in share capital are specified as follows:

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Share capital 1 January	743	743	743	743	80
Additions for the year	75	0	0	0	663
<b>Share capital 31 December</b>	<b>818</b>	<b>743</b>	<b>743</b>	<b>743</b>	<b>743</b>

	2015	2014
	DKK'000	DKK'000
<b>8 Deferred tax asset</b>		
Deferred tax at the beginning of the year	1,129	1,416
Deferred tax adjustment	-849	-287
	<b>280</b>	<b>1,129</b>

Deferred tax asset mainly relates to intangible assets and tax losses carried forward.

### 9 Contingent assets, liabilities and other financial obligations

#### Contingent liabilities

Rent obligations falling due within one year amounts to DKK 457 thousand.

Lease obligations (operating leases) falling due within five years amount to DKK 2,435 thousand.  
The lease obligation falling due within one year amounts to DKK 798 thousand.

### 10 Related parties and ownership

DMG Mori Denmark ApS' related parties comprise companies in the DMG Mori Group.

## **Financial statements 1 January - 31 December**

### **Notes**

#### **Parties exercising control**

##### **DMG Mori Europe AG**

The Company is included in the consolidated financial statement of DMG Mori AG. The consolidated financial statements are available at the Company's address or on the website [www.ag.dmgmori.com](http://www.ag.dmgmori.com).