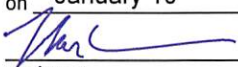


Emerson Climate Technologies - Transportation Solutions ApS

Annual report 2015/16

The annual report was presented and adopted at the
Company's annual general meeting
on January 10 20 17

chairman

CVR no. 34 46 55 25

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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 Emerson Climate Technologies - Transportation Solutions ApS for the financial year 1 October 2015 – 30 September 2016.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2016 and of the results of the Company's operations for the financial year 1 October 2015 – 30 September 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Højbjerg, 10 January 2017
Executive Board:


Kenneth Peter Cordes

Board of Directors:


Mark Dunson
Chairman
Scott Kieffer
Kenneth Peter Cordes
Keith Nulton Browning
Trine Madsen



Independent auditor's report

To the shareholders of Emerson Climate Technologies - Transportation Solutions ApS

Independent auditor's report on the financial statements

We have audited the financial statements of Emerson Climate Technologies - Transportation Solutions ApS for the financial year 1 October 2015 – 30 September 2016. 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.



Independent auditor's report

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2016 and of the results of the Company's operations for the financial year 1 October 2015 – 30 September 2016 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

In accordance with 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.

Aarhus, 10 January 2017

KPMG

Statsautoriseret Revisionspartnerselskab

A handwritten signature in blue ink, appearing to read 'Michael Mortensen', with a long horizontal flourish extending to the right.

Michael Mortensen
State Authorised
Public Accountant

Emerson Climate Technologies - Transportation Solutions ApS
Annual report 2015/16
CVR no. 34 46 55 25

Management's review

Company details

Emerson Climate Technologies - Transportation Solutions ApS

Telephone:	+45 7023 4444
Telefax:	+45 7023 6044
Website:	www.emerson.com
Email:	trine.madsen@emerson.com
CVR no.:	34 46 55 25
Established	23 March 2012
Registered office:	Aarhus
Financial year:	1 October – 30 September

Board of Directors

Mark Dunson (Chairman)
Scott Kieffer
Kenneth Peter Cordes
Keith Nulton Browning
Trine Madsen

Executive Board

Kenneth Peter Cordes

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V.

Annual general meeting

The annual general meeting is to be held on 10 January 2017.

Management's review

Financial highlights

DKK'000	2015/16	2014/15	2013/14	2012/13	2012 (6 months)
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Key figures

Gross profit/loss	23,422	55,868	30,834	-15,545	-5,396
Operating profit/loss	-2,514	24,659	2,105	-31,159	-14,494
Profit/loss from financial income and expenses	-2,351	-30,189	-19,055	5,956	-8,420
Profit/loss for the year	-7,029	-4,223	-3,970	-25,050	-17,185
Total assets	262,720	340,766	436,614	408,382	469,670
Investment in property, plant and equipment	1,262	266	681	5,472	6,112
Equity	109,888	116,917	121,140	125,110	150,160

Financial ratios

Return on invested capital	-10.4%	14.6%	1.1%	-16.0%	-6.0%
Current ratio	44.8%	143.9%	163.3%	164.8%	192.2%
Solvency ratio	41.8%	34.3%	27.7%	30.6%	32%
Return on equity	-6.2%	-3.5%	-3.2%	-18.2%	-11.4%

Average number of full-time employees	49	52	61	71	71
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Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Operating review

Principal activities

Emerson Climate Technologies – Transportation Solutions ApS (the Company) provides component and service solutions to the transportation industry, specifically refrigerated container (reefer) controls, boiler controls, remote monitoring modems and refrigerated container-monitoring systems for containers, including usage on board container ships and in-ship terminals. The Company operates within a broader entity, supplying compressors and compression products to the same industry, as well as land-based applications, such as truck/trailer/bus and rail.

Development in activities and financial position

Results for the year

Results for the year were significantly affected by market softness within the global shipping business arising from low shipping rates, coming in at a total loss for 2015/16 of DKK 7,029 thousand. Management considers the loss unsatisfactory with reference to the operating loss, but under the current market situation the result is acceptable. A large part of the Company's revenue arises directly from new refrigerated container build, a market segment which dropped in both 2015 and 2016. Management expects this market to remain flat in 2017 with a possible late year surge. Recovery is expected in 2018 and beyond.

New products

No new products have been introduced this year.

Outlook

The market slump is driven primary by reduced shipping rates, which stems from an overinvestment in shipping capacity in 2013 and 2014 leading to a slowdown in new build containers. The same situation is seen on the refrigerated container market with decreasing demand over the last two years. The market situation in fourth quarter is expected to be stable, and the expectations for the 2017 financial year will be stable to slightly increasing. A stronger market situation is expected on a long-term basis, this is based upon the continued increase in demand for the transport of refrigerated goods, projected at a 10% five-year CAGR. Furthermore, previous surges in reefer market expansion is expected to drive a replacement volume as current reefer fleets in the field will be obsolete within the coming years. As the market recovers, there will be an opportunity for the introduction of new products and services. Our newly developed wireless modem is expected to be launched in the 2017 financial year and start generating sales in the second quarter. Over the coming years, Management expects significant sales for this product.

Management's review

Operating review

General risks

The general risks are related to the global development in investments and operation of refrigerated sea containers, due to the strong dependency on the global operation of the container shipping lines. Within container controls and boiler controls, the Company is additionally strongly influenced by the development of a few significant key customers.

Financial risks

The Company's cash pool liabilities carry floating-rate interest and are raised in USD and are, thereby, subject to interest rate and foreign exchange risks.

Currency risks

Since export sales account for a considerable part of revenue, the Company is exposed to foreign exchange rate risks, primarily fluctuations in the USD exchange rate.

Credit risks

It is company policy always to ensure payments from external customers via bank guarantees, documentary credits or regular credit rating of the customer.

Intellectual capital

The Company possesses very large technical and application knowledge within its business areas. Knowledge and know-how have been accumulated over many years, and the background, education, and experience of the employees are essential for the intellectual capital of the Company.

The right combination of education and experience within the employee group is therefore critical. Documenting the existing domain knowledge and know-how in the Company is vital to the overall success of the business. The performance of the individual employee related to the agreed objectives is therefore subject to continuous evaluation.

Management's review

Operating review

Environment

No regulatory changes impact our business at the moment.

Research and development activities

The Company is developing a new integrated refrigerated container platform, which includes combining the electronic controller, modem and compressor, to provide a high value solution to our customer base. The activities utilise the knowhow within compressors, controllers, telecom and refrigerated control software available within Emerson. The activities include close collaboration between Emerson facilities such as Transportation Solutions Centre in Sidney, OH, engineering expertise in Xian, China, and Compressor Engineering in Sidney, OH. The development of this new product has been accounted for as expenses in the financial year as no direct lead customers are engaged in the project. This means that the Company carries on the knowledge and processes to future engagements with customers.

The Company is also developing a new suite of enterprise software services called ProAct Transport. These services are focused on reducing customers' operating expenses on refrigerated containers by applying analytics to data collected from the containers. This work is in conjunction with a number of Emerson entities globally, including Xian, China, Kennesaw, GA, and Sidney, OH. In order to meet technical requirements of ProAct Transport, the Company is developing a new wireless modem to support the communication and data flow to the ProAct Transport applications.

Financial statements 1 October – 30 September

Accounting policies

The annual report of Emerson Climate Technologies – Transportation Solutions ApS for 2015/16 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

In accordance with section 32 of the Danish Financial Statements Act, the Company has chosen only to present gross profit/loss.

In accordance with section 86(4) of the Danish Financial Statements Act, the Company has chosen not to prepare a cash flow statement.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

When sales contracts that consist of several separate components are concluded, the contract amount is allocated by the individual components based on the relative fair value approach. The separate components are recognised as revenue when the criteria applicable to sale of goods and services have been met.

A contract is allocated by the individual components when the fair value of these individual components can be reliably measured and when each component represents a separate value to the buyer. Sales components are deemed to represent a separate value to the buyer when the component is individually identifiable and is normally sold separately.

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.

Financial statements 1 October – 30 September

Accounting policies

Revenue from the sale of goods

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 goods relies on standard terms of delivery based on Incoterms® 2010.

Revenue from the sale of services

Income from the sale of services, comprising service contracts, is recognised in revenue on a straight-line basis as delivered as the services are delivered in the form of an indefinite number of actions over a specific period of time.

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs, other intangible assets and goodwill.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc. during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses and depreciation.

Financial statements 1 October – 30 September

Accounting policies

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Company is covered by the Danish legislation concerning compulsory joint taxation.

The affiliated company, Damcos Holding A/S, is the administrative company for the joint taxation and consequently settles all payments of Danish corporation tax to the tax authorities.

Current Danish corporation tax is allocated through the payment of joint taxation contributions between the jointly taxed companies in proportion to their taxable income. Accordingly, the companies with tax losses receive joint taxation contributions from companies that have been able to use the losses to reduce their own taxable profit.

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages/salaries and amortisation directly and indirectly attributable to development activities.

Development costs that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement when incurred.

Development costs recognised on the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Financial statements 1 October – 30 September

Accounting policies

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 7-8 years.

Other intangible assets

Other intangible assets comprise trademarks, customer relationships, non-competition agreements and backlog acquired in corporate acquisition and are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight-line basis over the expected useful life to match the expected earnings profile. The expected useful lives are as follows:

Trademarks	11 years
Customer relationships	10-11 years
Non-competition agreements	1-3 years

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised on a straight-line basis over 15 years, thus matching the expected earnings profile.

Property, plant and equipment

Machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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

Machinery	5-10 years
Fixtures and fittings, tools and equipment	3-10 years

Depreciation is recognised as production costs, distribution costs and administrative expenses in the income statement.

Financial statements 1 October – 30 September

Accounting policies

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 operating income or other operating costs, respectively.

Impairment of non-current 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.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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 and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and 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.

Financial statements 1 October – 30 September

Accounting policies

Equity

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised on 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.

Joint tax contribution liabilities and receivables are recognised in the balance sheet as "Corporation tax liability" or "Corporation tax receivable".

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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation: 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 and jurisdiction.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Other provisions

Other provisions comprise anticipated costs related to warranties. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranties comprise obligations to make good any defects within the warranty period of one to five years. Provisions for warranties are measured at net realisable value and recognised based on past experience.

Financial statements 1 October – 30 September

Accounting policies

Liabilities other than provision

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the 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.

Other liabilities are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$
Invested capital	Operating intangible assets and property, plant and equipment plus net working capital
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$

Financial statements 1 October – 30 September

Income statement

DKK'000	Note	2015/16	2014/15
Gross profit		23,422	55,868
Distribution costs		-7,164	-8,042
Administrative expenses		-18,772	-23,167
Operating profit/loss		-2,514	24,659
Financial income	1	29	42
Financial expenses	2	-2,380	-30,231
Profit/loss before tax		-4,865	-5,530
Tax on profit/loss for the year	3	-2,164	1,307
Profit/loss for the year		<u>-7,029</u>	<u>-4,223</u>
 Proposed profit appropriation/distribution of loss			
Retained earnings		<u>-7,029</u>	<u>-4,223</u>

Financial statements 1 October – 30 September

Balance sheet

DKK'000	Note	2015/16	2014/15
ASSETS			
Non-current assets			
Intangible assets			
	4		
Development projects		5,677	21,891
Other intangible assets		82,738	81,301
Goodwill		113,054	123,820
		<u>201,469</u>	<u>227,012</u>
Property, plant and equipment			
	5		
Machinery		1,498	1,576
Fixtures and fittings, tools and equipment		3,487	3,926
		<u>4,985</u>	<u>5,502</u>
Total non-current assets		<u>206,454</u>	<u>232,514</u>
Current assets			
Inventories			
Raw materials and consumables		7,632	7,307
Finished goods and goods for resale		3,838	5,175
		<u>11,470</u>	<u>12,482</u>
Receivables			
Trade receivables		35,967	32,787
Receivable from group entities		2,837	59,750
Corporation tax receivable, intercompany		5,100	2,705
Other receivables		254	0
Prepayments		639	528
		<u>44,797</u>	<u>95,770</u>
Total current assets		<u>56,267</u>	<u>108,252</u>
TOTAL ASSETS		<u>262,720</u>	<u>340,766</u>

Financial statements 1 October – 30 September

Balance sheet

DKK'000	Note	2015/16	2014/15
EQUITY AND LIABILITIES			
Equity			
	6		
Share capital		80	80
Retained earnings		109,808	116,837
Total equity		<u>109,888</u>	<u>116,917</u>
Provisions			
Deferred tax	7	24,070	19,511
Other provisions	8	3,182	3,656
Total provisions		<u>27,252</u>	<u>23,167</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Amounts owed to group entities	9	0	125,477
Current liabilities other than provisions			
Current portion of non-current liabilities other than provisions		0	15,797
Amounts owed to group entities		80,247	8,980
Prepayments received from customers		7,156	7,597
Trade payables		26,971	26,550
Other payables		11,206	16,281
		<u>125,580</u>	<u>75,205</u>
Total liabilities other than provisions		<u>125,580</u>	<u>200,682</u>
TOTAL EQUITY AND LIABILITIES		<u>262,720</u>	<u>340,766</u>
Contractual obligations, contingencies, etc.			
	10		
Mortgages and collateral	11		
Employee relations	12		
Related party disclosures	13		

Financial statements 1 October – 30 September

Notes

	DKK'000	2015/16	2014/15
1 Financial income			
Other interest income		29	42
		<u>29</u>	<u>42</u>
2 Financial expenses			
Interest expense, parent company		2,158	2,324
Foreign exchange losses		158	27,907
Other interest expense		64	-
		<u>2,380</u>	<u>30,231</u>
3 Tax on profit/loss for the year			
Current tax for the year		-5,100	4,105
Deferred tax adjustment for the year		4,559	-2,587
Adjustment regarding prior year		2,705	-
Effect from adjustment of corporate tax rate		-	-211
		<u>2,164</u>	<u>1,307</u>

Financial statements 1 October – 30 September

Notes

4 Intangible assets

DKK'000	Develop- ment projects com- pleted	Other intangible assets	Goodwill	Total
Cost at 1 October	39,598	140,547	161,466	341,611
Additions		1,793		1,793
Cost at 30 September	39,598	142,340	161,466	343,403
Impairment losses and amortisation at 1 October	-17,707	-59,246	-37,646	-114,599
Amortisation	-5,060	-11,509	-10,767	-27,336
Impairment losses and amortisation at 30 September	-22,767	-70,755	-48,413	-141,935
Carrying amount at 30 September	16,831	71,585	113,053	201,469

5 Property, plant and equipment

DKK'000	Machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 October	4,718	6,809	11,527
Additions	865	397	1,261
Cost at 30 September	5,583	7,206	12,789
Impairment losses and amortisation at 1 October	-3,142	-2,883	-6,025
Depreciation	-944	-835	-1,779
Reversed depreciation of disposals			
Impairment losses and amortisation at 30 September	-4,086	-3,718	-7,804
Carrying amount at 30 September	1,497	3,488	4,985

Financial statements 1 October – 30 September

Notes

6 Equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 October	80	116,837	116,917
Transferred, see profit appropriation/distribution of loss	0	-7,029	-7,029
Equity at 30 September	80	109,808	109,888

The share capital comprises 80,000 shares of DKK 1 each. All shares carry equal rights.

7 Deferred tax

Provisions regarding deferred tax comprise deferred tax arising from intangible assets and property, plant and equipment.

DKK'000	2015/16	2014/15
8 Other provisions		
Other provisions at 1 October	3,656	2,724
Utilised during the year	-3,208	-708
Reversal of undrawn provisions	497	402
Provisions for the year	2,237	1,238
Other provisions at 30 September	3,182	3,656

The provisions are expected to be payable as follows:

0-1 year	2,742	3,087
1-5 years	440	569
	3,182	3,656

9 Liabilities other than provisions

Amounts owned to group entities	0	141,274
Liabilities other than provisions at 30 September	0	141,274

Financial statements 1 October – 30 September

Notes

10 Contractual obligations, contingencies, etc.

Operating rent and lease obligations

Rent and lease obligations (operating leases) falling due within 5 years total DKK 4,242 thousand (2014/15: DKK 9,837 thousand).

The Company is jointly taxed with the other Danish companies in the Emerson Group. As a wholly-owned subsidiary, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends. Any subsequent correction of the taxable jointly taxed income or withholding taxes could result in an adjustment of the Company's liability.

11 Mortgages and collateral

The Company had no issued performance guarantees as at 30 September (2014/15: DKK 86 thousand).

The Company had issued guarantees regarding rental obligations of DKK 3,143 thousand at 30 September (2014/15: DKK 3,051 thousand).

12 Employee relations

DKK'000	2015/16	2014/15
Wages and salaries	29,138	28,442
Pensions	2,261	2,582
Other social security costs	328	239
	<u>31,727</u>	<u>31,263</u>

Staff costs are recognised as follows in the financial statements:

Production	22,466	21,990
Distribution	3,424	2,981
Administration	5,838	6,292
	<u>31,728</u>	<u>31,263</u>
Average number of full time employees	<u>49</u>	<u>52</u>

In accordance with section 98b (3) of the Danish Financial Statements Act, remuneration of the Board of Directors and Executive Board is not presented. The Management of the Company is entitled to a share option program in the Parent Company, Emerson Electric Co. The value of the program amounts to DKK 128 thousand.

Financial statements 1 October – 30 September

Notes

13 Related party disclosures

The Company's related parties comprise the following:

Parties exercising control

EMR Worldwide B.V., The Netherlands, holds the majority of the share capital in the Company.

Ownership

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

EMR WorldWide B.V
Teleportboulevard 140
1043 EJ Amsterdam
The Netherlands

The Company that presents consolidated financial statements, including Emerson Climate Technologies – Transportation Solutions ApS, is:

Emerson Electric Co.
8000 W. Florissant Ave.
St. Louis, Missouri 63136
USA

The consolidated statements of Emerson Electric Co. are available at the Company's address or on the Company's website www.emerson.com.