

Synflex A/S

Løjrvvej 3, 3500 Værløse
CVR no. 39 32 89 17

Annual report for 2016

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 15.03.17

Anders Pedersen
Dirigent

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The company

Synflex A/S
Lejrvej 3
3500 Værløse
Registered office: Værløse
CVR no.: 39 32 89 17
Financial year: 01.01 - 31.12

Executive Board

Mads Hesselbæk Olesen

Board of Directors

Anders Jens Pedersen
Stefan Siegbert Karsch
Mads Hesselbæk Olesen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.01.16 - 31.12.16 for Synflex A/S.

The annual report is presented in accordance with 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 as at 31.12.16 and of the results of the company's activities for the financial year 01.01.16 - 31.12.16.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Værløse, March 15, 2017

Executive Board

Mads Hesselbæk Olesen

Board of Directors

Anders Jens Pedersen
Chairman

Stefan Siegbert Karsch

Mads Hesselbæk Olesen

To the shareholders of Synflex A/S**Opinion**

We have audited the financial statements of Synflex A/S for the financial year 01.01.16 - 31.12.16, which comprise the income statement, balance sheet, statement of changes in equity and notes, inclusive of accounting policies. The financial statements are prepared in accordance with 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 31.12.16 and of the results of the company's operations for the financial year 01.01.16 - 31.12.16 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover 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 management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 International Standards on Auditing 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 these financial statements.

As part of an audit conducted in accordance with International Standards on Auditing 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.
- 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 conclusions are 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.

Copenhagen, March 15, 2017

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Thomas Thomsen
State Authorized Public Accountant

Primary activities

Synflex A/S is a subsidiary of Synflex Elektro International GmbH. The Synflex Elektro International GmbH Group develops system solutions and produces and distributes products for electric motor, transformer and automotive industry worldwide from eleven locations, including Germany, Austria, Denmark, France, Italy, Poland, Turkey and China. The Synflex Elektro International GmbH Group has approx. 300 employees and an annual revenue of more than EUR 150 million.

Synflex A/S is responsible for the group activities in Denmark, Norway, Sweden, Finland and the Baltics. Synflex A/S has head office, production facilities and warehouse in Værløse north of Copenhagen and employs 11 people.

Exceptional conditions

The company has identified a material error in the financial statements for 2015. For further description see note 9 "Material error".

Development in activities and financial affairs

The income statement for the period 01.01.16 - 31.12.16 shows a profit of DKK 769,496. The balance sheet shows equity of DKK 9,734,262.

The management considers the net profit for the year to be satisfactory.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2016 DKK	2015 DKK '000
	Gross profit	7.800.480	9.034
1	Staff costs	-6.464.458	-6.952
	Depreciation, amortisation, impairment losses and write-downs of property, plant and equipment	-233.315	-327
	Profit/loss before net financials	1.102.707	1.755
	Financial income	16.629	51
2	Financial expenses	-129.939	-185
	Profit/loss before tax	989.397	1.621
3	Tax on profit or loss for the year	-219.901	-381
	Profit/loss for the year	769.496	1.240
	Proposed appropriation account		
	Proposed dividend for the financial year	1.862.500	0
	Retained earnings	-1.093.004	1.240
	Total	769.496	1.240

ASSETS		31.12.16	31.12.15
Note		DKK	DKK '000
	Goodwill	100.000	125
4	Total intangible assets	100.000	125
	Land and buildings	7.500.000	7.500
	Other fixtures and fittings, tools and equipment	55.432	459
5	Total property, plant and equipment	7.555.432	7.959
	Total non-current assets	7.655.432	8.084
	Raw materials and consumables	4.127.532	4.146
	Total inventories	4.127.532	4.146
	Trade receivables	4.480.656	4.820
	Receivables from group enterprises	536.302	15
	Other receivables	31.327	35
	Prepayments	0	9
	Total receivables	5.048.285	4.879
	Cash	204.704	1.972
	Total current assets	9.380.521	10.997
	Total assets	17.035.953	19.081

EQUITY AND LIABILITIES		31.12.16	31.12.15
		DKK	DKK '000
Note			
	Contributed capital	2.000.000	2.000
	Revaluation reserve	3.074.287	2.974
	Retained earnings	2.797.475	3.890
	Proposed dividend for the financial year	1.862.500	0
	Total equity	9.734.262	8.864
	Provisions for deferred tax	1.217.845	1.206
	Total provisions	1.217.845	1.206
6	Mortgage debt	3.023.129	3.217
	Total long-term payables	3.023.129	3.217
6	Short-term portion of long-term payables	191.481	183
	Trade payables	440.667	1.302
	Payables to group enterprises	0	1.520
	Income taxes	236.038	377
	Other payables	2.192.531	2.412
	Total short-term payables	3.060.717	5.794
	Total payables	6.083.846	9.011
	Total equity and liabilities	17.035.953	19.081
7	Contingent liabilities		
8	Charges and security		

Statement of changes in equity

Figures in DKK	Share capital	Revaluation reserve	Retained earnings	Proposed dividend for the financial year
Statement of changes in equity for 01.01.15 - 31.12.15				
Balance pr. 01.01.15	2.000.000	0	2.650.586	0
Net effect of correction of material errors	0	2.875.309	0	0
Balance pr. 01.01.15	2.000.000	2.875.309	2.650.586	0
Revaluations during the year	0	126.262	0	0
Tax on changes in equity	0	-27.778	0	0
Net profit/loss for the year	0	0	1.239.893	0
Balance as at 31.12.15	2.000.000	2.973.793	3.890.479	0
Statement of changes in equity for 01.01.16 - 31.12.16				
Balance pr. 01.01.16	2.000.000	2.973.793	3.890.479	0
Revaluations during the year	0	128.839	0	0
Tax on changes in equity	0	-28.345	0	0
Net profit/loss for the year	0	0	-1.093.004	1.862.500
Balance as at 31.12.16	2.000.000	3.074.287	2.797.475	1.862.500

	2016 DKK	2015 DKK '000
1. Staff costs		
Wages and salaries	5.888.218	6.345
Pensions	386.066	379
Other social security costs	72.378	81
Other staff costs	117.796	147
Total	6.464.458	6.952
Average number of employees during the year	11	11

2. Financial expenses

Interest, group enterprises	0	28
Other interest expenses	63.912	62
Foreign currency translation adjustments	29.356	0
Other financial expenses	36.671	95
Total	129.939	185

3. Tax on profit or loss for the year

Tax on profit or loss for the year	236.038	376
Adjustment of deferred tax for the year	-16.137	5
Total	219.901	381

4. Intangible assets

Figures in DKK	Goodwill
Cost pr. 01.01.16	250.000
Cost as at 31.12.16	250.000
Amortisation and impairment losses pr. 01.01.16	-125.000
Amortisation during the year	-25.000
Amortisation and impairment losses as at 31.12.16	-150.000
Carrying amount as at 31.12.16	100.000

5. Property, plant and equipment

Figures in DKK	Land and buildings	Other fixtures and fittings, tools and equipment
Cost pr. 01.01.16	5.562.316	2.522.727
Additions during the year	0	96.643
Disposals during the year	0	-593.407
Cost as at 31.12.16	5.562.316	2.025.963
Revaluations pr. 01.01.16	5.312.581	0
Revaluations during the year	128.839	0
Revaluations as at 31.12.16	5.441.420	0
Depreciation and impairment losses pr. 01.01.16	-3.374.897	-2.063.621
Depreciation during the year	-128.839	-79.491
Reversal of depreciation of and impairment losses on disposed assets	0	172.581
Depreciation and impairment losses as at 31.12.16	-3.503.736	-1.970.531
Carrying amount as at 31.12.16	7.500.000	55.432
Carrying amount in the balance sheet if revaluation to fair value had not been carried out as at 31.12.16	2.058.580	0

6. Longterm payables

	Repayment first year DKK	Total payables at 31.12.16 DKK	Total payables at 31.12.15 DKK '000
Mortgage debt	191.481	3.214.610	3.400
Total	191.481	3.214.610	3.400

7. Contingent liabilities

The company has no contingent liabilities as at 31.12.16

8. Charges and security

Land and buildings with a carrying amount of DKK 7.500k have been provided as security for mortgage debt of DKK 3.215k.

As company for debt to credit institutions of DKK 3.215k, a company charge of DKK 3.100k has been provided comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and agricultural stock, trade receivables as well as fuels and other ancillary materials. The total carrying amount of the comprised assets is DKK 8.659k.

9. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B.

The accounting policies have been applied consistently with previous years.

Material error

The company has identified a material error in the financial statements for 2015.

9. Accounting policies - continued -

Land and buildings revaluation and reassessment of useful life and residual value

Land and buildings was not revaluated to fair value in 2015. Land and buildings has been corrected and the useful life and residual value has been reassessed. This correction has a negative impact on the net profit or loss for 2016 by DKK 1k. As at 31.12.16, equity is increased by DKK 3.075k. The balance sheet total is increased by DKK 3.942k as at 31.12.16.

Comparative figures for 2015 have been restated in the balance sheet, income statement and notes. The accumulated effect at the beginning of the financial year has been recognised directly in equity.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

9. Accounting policies - continued -

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, other operating income and cost of sales and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

9. Accounting policies - continued -

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs and operating lease expenses..

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The amortisation and depreciation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated/amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Goodwill	10	
Buildings	10-50	
Other plant, fixtures and fittings, tools and equipment	3-10	

Goodwill is amortised over 10 years. The useful life has been determined in consideration of the expected future net earnings of the activity to which the goodwill relates.

Land is not depreciated.

The basis of depreciation/amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation/amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

9. Accounting policies - continued -

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET**Intangible assets***Goodwill*

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise land and buildings as well as other fixtures and fittings, tools and equipment

Property, plant and equipment are measured in the balance sheet at cost, for land and buildings with revaluation at fair value recognised under the revaluation reserve in equity, however, and less accumulated depreciation and impairment losses. The fair value for land and buildings is calculated by applying an individually determined discount rate to the capitalisation of a market-based operating income from the property. A valuer has not been used to determine the fair value.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

9. Accounting policies - continued -

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation/amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost calculated according to the FIFO principle. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as

9. Accounting policies - continued -

purchase prices plus expenses resulting directly from the purchase.

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

Revaluation reserve comprises revaluation of land and buildings at fair value. The revaluation reserve is measured less deferred tax and reduced by depreciation/amortisation of the revalued assets. On the disposal of the assets, the remaining amount is transferred from the revaluation reserve to retained earnings.

9. Accounting policies - continued -**Current and deferred tax**

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

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.