

Synflex A/S
Løjvej 3
3500 Værløse

Synflex A/S

Annual report 2015

The annual report was presented and adopted at the
Company's annual general meeting

on 18 May 20 16


chairman

CVR no. 39 32 89 17

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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 Synflex A/S for the financial year 1 January – 31 December 2015.

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 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015.


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

Værløse, 18 May 2016
Executive Board:




Mads Hesselbæk Olesen

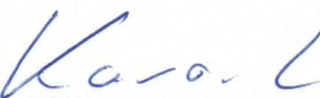
Board of Directors:



Anders Jens Pedersen
Chairman



Mads Hesselbæk Olesen



Stefan Siegbert Karsch



KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Telephone +45 70 70 77 60
www.kpmg.dk
CVR no. 25 57 81 98

Independent auditor's report

To the shareholder of Synflex A/S

Independent auditor's report on the financial statements

We have audited the financial statements of Synflex A/S 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.

Copenhagen, 18 May 2016

KPMG
Statsautoriseret Revisionspartnerselskab

Per Ejsing Olsen
State Authorised
Public Accountant

Management's review

Company details

Synflex A/S
Lejrvej 3
3500 Værløse

CVR no.: 39 32 89 17
Established: 31 May 1972
Registered office: Furesø
Financial year: 1 January – 31 December

Board of Directors

Anders Jens Pedersen, Chairman
Mads Hesselbæk Olesen
Stefan Siegbert Karsch

Executive Board

Mads Hesselbæk Olesen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Annual general meeting

The annual general meeting will be held on 18 May 2016.

Financial statements 1 January – 31 December

Accounting policies

The annual report of Synflex A/S for 2015 has been presented in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

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

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 amortisation, depreciation and impairment losses, 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 the asset 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 the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks that occur before the annual report is presented and that evidence matters existing at the balance sheet date.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company's revenue is not stated.

Gross profit comprises revenue less cost of sales directly attributable to revenue and less other external costs. In addition, operating income secondary to the Company's primary activities is included in gross profit

Revenue from the sale of raw materials, goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before the end of the financial year. Revenue is recognised exclusive of VAT and less discounts granted in connection with sales.

Financial statements 1 January – 31 December

Accounting policies

Other external costs comprise distribution and sales costs, costs for bad debts, the operation of vehicles, premises and minor acquisitions, administrative expenses and rental expenses under operating leases, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and interest expense, costs of finance leases as well as realised and unrealised gains and losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from investments in subsidiaries are recognised in the income statement in the year when the dividends are declared.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Subsequently, goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life. The estimated useful life is 10 years.

Gains and losses on the disposal of intangible assets are stated 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.

Property, plant and equipment

Land and buildings, plant and 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 when the asset is available for use.

Financial statements 1 January – 31 December

Accounting policies

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

Buildings	50 years
Fixtures and fittings, tools and equipment	3-10 years

Land is not depreciated.

Gains and losses on the disposal of property, plant and equipment are stated 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.

Leases

All leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contingent liabilities, etc.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Inventories are written down to the lower of net realisable value and cost.

Goods for resale 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 as well as direct production costs. Indirect production overheads and borrowing costs are not recognised 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, which corresponds to nominal value. The value is reduced by write-down for bad debts.

Financial statements 1 January – 31 December

Accounting policies

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which 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 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 measured on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. 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 in the respective countries 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 and in equity.

Liabilities

Financial liabilities and finance lease commitments are recognised at cost at the date of borrowing, equivalent to proceeds received less transaction costs paid.

Trade payables and payables to group entities are recognised at cost. Subsequently, these financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

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.

Financial statements 1 January – 31 December

Accounting policies

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.

Financial statements 1 January – 31 December

Income statement

	Note	2015	2014
Gross profit		9,032,246	9,642,319
Staff costs	2	-6,951,004	-8,304,483
Amortisation of intangible assets, depreciation on property, plant and equipment, and impairment losses	3	-328,232	-339,982
Profit before financial income and expenses		1,753,010	997,854
Financial income	4	50,502	15,400
Financial expenses	5	-184,088	-230,317
Profit before tax		1,619,424	782,937
Tax on profit for the year	6	-381,240	-32,095
Profit for the year		1,238,184	750,842
Proposed profit appropriation			
Retained earnings		1,238,184	750,842
		1,238,184	750,842

Financial statements 1 January – 31 December

Balance sheet

	Note	2015	2014
ASSETS			
Goodwill	7	125,000	150,000
Intangible assets		125,000	150,000
Land and buildings		3,685,733	3,813,706
Fixtures and fittings, tools and equipment		459,096	526,559
Property, plant and equipment	8	4,144,829	4,340,265
Total non-current assets		4,269,829	4,490,265
Finished goods and goods for resale		4,146,492	4,631,483
Inventories		4,146,492	4,631,483
Trade receivables		4,820,040	4,433,581
Receivables from affiliated companies		15,077	0
Other receivables		34,160	38,025
Prepayments		9,174	19,171
Receivables		4,878,451	4,490,777
Cash at bank and in hand		1,972,147	1,372,746
Total current assets		10,997,090	10,495,006
Total assets		15,266,919	14,985,271

Financial statements 1 January – 31 December

Balance sheet

	Note	2015	2014
EQUITY AND LIABILITIES			
Share capital		2,000,000	2,000,000
Retained earnings		3,888,768	2,650,584
Total equity	9	<u>5,888,768</u>	<u>4,650,584</u>
Provisions for deferred tax		366,874	362,094
Total provisions		<u>366,874</u>	<u>362,094</u>
Mortgage debt		3,217,518	3,400,173
Non-current liabilities other than provisions	10	<u>3,217,518</u>	<u>3,400,173</u>
Current portion of non-current liabilities other than provisions		182,655	182,809
Trade payables		1,301,998	2,633,338
Payables to affiliated companies		1,520,398	1,491,280
Tax payable		376,813	0
Other payables		2,411,895	2,264,993
Current liabilities other than provisions		<u>5,793,759</u>	<u>6,572,420</u>
Total liabilities		<u>9,011,277</u>	<u>9,972,593</u>
Total equity and liabilities		<u><u>15,266,919</u></u>	<u><u>14,985,271</u></u>
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Financial statements 1 January – 31 December

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1 Main activity

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 the electric motor, transformer and automotive industry worldwide from eleven locations, including in 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 10 people.

	2015	2014
2 Staff costs		
Wages and salaries	6,344,566	7,581,439
Pensions	378,558	490,463
Other social security costs	80,840	103,446
Other staff costs	147,040	129,135
	6,951,004	8,304,483
 3 Amortisation of intangible assets, depreciation on property, plant and equipment, and and impairment losses		
Goodwill	25,000	25,000
Buildings	127,973	132,426
Fixtures and fittings, tools and equipment	197,822	182,556
Gain on sale of assets	-22,565	0
	328,230	339,982

Financial statements 1 January – 31 December

Notes

	2015	2014
4 Financial income		
Other financial income	50,502	15,400
	50,502	15,400
	50,502	15,400
5 Financial expenses		
Interest paid to affiliated companies	27,991	21,450
Other financial expenses	156,097	208,867
	184,088	230,317
	184,088	230,317
6 Tax on profit for the year		
Current tax for the year	376,459	0
Adjustment of deferred tax	4,781	175,269
Adjustment of tax concerning previous years	0	-143,174
	381,240	32,095
	381,240	32,095
7 Intangible assets		Goodwill
Cost at 1 January 2015		250,000
Cost at 31 December 2015		250,000
Amortisation and impairment losses at 1 January 2015		100,000
Amortisation for the year		25,000
Amortisation and impairment losses at 31 December 2015		125,000
Carrying amount at 31 December 2015		125,000

Financial statements 1 January – 31 December

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8 Property, plant and equipment

	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2015	5,562,316	2,524,305	8,086,621
Additions for the year	0	241,520	241,520
Disposals for the year	0	-243,097	-243,097
Cost at 31 December 2015	5,562,316	2,522,728	8,085,044
Revaluations at 1 January 2015	1,500,010	0	1,500,010
Revaluations at 31 December 2015	1,500,010	0	1,500,010
Impairment losses and depreciation at 1 January 2015	3,248,620	1,997,746	5,246,366
Depreciation for the year	127,973	197,822	325,797
Impairment losses and depreciation for sold assets for the year	0	-131,936	-131,938
Impairment losses and depreciation at 31 December 2015	3,376,593	2,063,632	5,440,225
Carrying amount at 31 December 2015	3,685,733	459,096	4,144,829

9 Equity

	Share capital	Retained earnings	Total
Equity at 1 January 2015	2,000,000	2,650,584	4,650,584
Profit for the year	0	1,238,184	1,238,184
Balance at 31 December 2015	2,000,000	3,888,768	5,888,768

The share capital consists of:
2,000 A-shares of DKK 1,000 each

	2,000,000
	2,000,000

Financial statements 1 January – 31 December

Notes

10 Non-current liabilities other than provisions

	Debt at 1 January 2015	Debt at 31 Dec. 2015	Payment within 2-4 years	Debt after 5 years
Mortgage debt	3,400,173	3,217,518	731,098	2,486,420
	3,400,173	3,217,518	731,098	2,486,420

11 Rental agreement and leases

Lease obligations under financial leases.

Total future lease obligations:

Within 1 year

Between 1 and 5 years

	2015	2014
	88	328
	117	284
	205	612

12 Mortgages and collateral

The Company has provided land and buildings with a carrying amount of DKK 3,686 thousand at 31 December 2015 as collateral for mortgage debt of DKK 3,400 thousand.

Mortgage secured on land and buildings of nom. DKK 4,400 thousand has been provided as collateral for bank loans. In addition, a floating charge of nom. DKK 3,100 thousand secured on unsecured claims, inventories, operating equipment, goodwill, etc., has been provided as collateral to the Company's bank.

13 Related parties and ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Synflex Elektro International GmbH
Auf Den Kreuzen 24
Blomberg, Nordrhein-Westfalen, 32825
Germany