

YKK Danmark A/S

Neptunvej 5 A, 7430 Ikast

CVR no. 69 58 64 14



Annual report 2015/16

Approved at the annual general meeting of shareholders on 5 May 2016

Chairman:



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Nobuo Igarashi



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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 YKK Danmark A/S for the financial year 1 April 2015 - 31 March 2016.

The annual report is 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 financial position at 31 March 2016 and of the results of the Company's operations for the financial year 1 April 2015 - 31 March 2016.

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

Ikast, 5 May 2016

Executive Board:



Kim Birch-Nielsen

Board of Directors:



Paul Thomas Byrne



Kim Birch-Nielsen



Nobuo Igarashi

Independent auditors' report on the financial statements

To the shareholders of YKK Danmark A/S

We have audited the financial statements of YKK Danmark A/S for the financial year 1 April 2015 - 31 March 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. 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.

Auditors' 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 regulations. 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 auditors' 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 auditors consider 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 financial position at 31 March 2016 and of the results of its operations for the financial year 1 April 2015 - 31 March 2016 in accordance with the Danish Financial Statements Act.

Herning, 5 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28



Niels J. Jørgensen
State Authorised Public Accountant



Company details

Name	YKK Danmark A/S
Address, Postal code, City	Neptunvej 5 A, 7430 Ikast
CVR No.	69 58 64 14
Established	12 October 1982
Registered office	Ikast-Brande
Financial year	1 April 2015 - 31 March 2016
Website	www.ykk.dk
Board of Directors	Paul Thomas Byrne Kim Birch-Nielsen Nobuo Igarashi
Executive Board	Kim Birch-Nielsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Industrivej Nord 9, P O Box 360, 7400 Herning, Denmark

Financial statements for the period 1 April 2015 - 31 March 2016

Income statement

Note	DKK	2015/16	2014/15
	Gross profit	12,212,512	13,974,529
3	Staff costs	-7,880,113	-7,907,758
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-293,348	-253,401
	Other operating expenses	-4,792	-787
	Operating profit	4,034,259	5,812,583
	Financial expenses	-78,289	-133,786
	Profit before tax	3,955,970	5,678,797
4	Tax for the year	-949,893	-1,401,767
	Profit for the year	<u>3,006,077</u>	<u>4,277,030</u>
	Proposed profit appropriation		
	Extraordinary dividend distributed	2,000,000	4,000,000
	Retained earnings	1,006,077	277,030
		<u>3,006,077</u>	<u>4,277,030</u>

Financial statements for the period 1 April 2015 - 31 March 2016

Balance sheet

Note	DKK	2015/16	2014/15
	ASSETS		
	Non-current assets		
5	Intangible assets		
	Acquired intangible assets	76,633	0
		<u>76,633</u>	<u>0</u>
6	Property, plant and equipment		
	Land and buildings	1,113,951	980,989
	Plant and machinery	310,559	156,136
	Other fixtures and fittings, tools and equipment	371,504	636,155
		<u>1,796,014</u>	<u>1,773,280</u>
	Total non-current assets	<u>1,872,647</u>	<u>1,773,280</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	1,940,396	2,057,679
		<u>1,940,396</u>	<u>2,057,679</u>
	Receivables		
	Trade receivables	7,698,502	5,411,577
	Receivables from group entities	1,093,402	1,013,255
	Income taxes receivable	206,658	131,601
	Other receivables	14,740	11,670
	Deferred income	95,266	92,202
		<u>9,108,568</u>	<u>6,660,305</u>
	Cash	<u>3,379,695</u>	<u>3,834,483</u>
	Total current assets	<u>14,428,659</u>	<u>12,552,467</u>
	TOTAL ASSETS	<u><u>16,301,306</u></u>	<u><u>14,325,747</u></u>

Financial statements for the period 1 April 2015 - 31 March 2016

Balance sheet

Note	DKK	<u>2015/16</u>	<u>2014/15</u>
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	4,000,000	4,000,000
	Retained earnings	3,188,001	2,181,924
	Total equity	<u>7,188,001</u>	<u>6,181,924</u>
	Provisions		
	Deferred tax	139,640	137,034
	Total provisions	<u>139,640</u>	<u>137,034</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Prepayments received from customers	32,439	161,342
	Trade payables	807,285	526,954
	Payables to group entities	4,860,403	4,124,407
	Other payables	3,273,538	3,194,086
		<u>8,973,665</u>	<u>8,006,789</u>
	Total liabilities other than provisions	<u>8,973,665</u>	<u>8,006,789</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>16,301,306</u></u>	<u><u>14,325,747</u></u>

- 1 Accounting policies
- 2 The Company's principal activities
- 8 Collateral
- 9 Contractual obligations and contingencies, etc.

Financial statements for the period 1 April 2015 - 31 March 2016

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 April 2014	4,000,000	1,904,894	5,904,894
Profit/loss for the year	0	4,277,030	4,277,030
Extraordinary dividend distributed	0	-4,000,000	-4,000,000
Equity at 1 April 2015	4,000,000	2,181,924	6,181,924
Profit/loss for the year	0	3,006,077	3,006,077
Extraordinary dividend distributed	0	-2,000,000	-2,000,000
Equity at 31 March 2016	4,000,000	3,188,001	7,188,001

Financial statements for the period 1 April 2015 - 31 March 2016

Notes to the financial statements

1 Accounting policies

The annual report of YKK Danmark A/S for 2015/16 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The accounting policies applied by the Company are consistent with those of last year.

Income statement

Revenue

Income from the sale of goods for resale and finished goods, comprising sale of zippers ect. 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 most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

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:

Buildings	30 years
Plant and machinery	5-8 years
Other fixtures and fittings, tools and equipment	3-5 years

Land is not depreciated.

Financial expenses

Financial expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest expenses, realised and unrealised capital gains and losses relating to exchange gains and losses.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Financial statements for the period 1 April 2015 - 31 March 2016

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets including software licences.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating costs.

Impairment of fixed assets

Intangible assets and property, plant and equipment are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Inventories

Inventories are measured at cost in accordance with the weighted average price. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the 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.

Financial statements for the period 1 April 2015 - 31 March 2016

Notes to the financial statements

1 Accounting policies (continued)

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

Corporation 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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, 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 intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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 due to changes in the tax rate are recognised in the income statement.

Liabilities

Current liabilities on not interest-bearing debt is measured at amortised cost corresponding to the nominal unpaid debt.

Financial statements for the period 1 April 2015 - 31 March 2016

Notes to the financial statements

2 The Company's principal activities

The Company's activities comprise the sale of YKK zippers and other accessories in Denmark.

DKK	2015/16	2014/15
3 Staff costs		
Wages/salaries	7,098,263	7,133,123
Pensions	597,505	588,397
Other social security costs	184,345	186,238
	<u>7,880,113</u>	<u>7,907,758</u>
4 Tax for the year		
Estimated tax charge for the year	930,342	1,368,399
Deferred tax adjustments in the year	2,606	23,217
Tax adjustments, prior years	16,945	10,151
	<u>949,893</u>	<u>1,401,767</u>

5 Intangible assets

DKK	Acquired intangible assets
Cost at 1 April 2015	0
Additions in the year	88,817
Cost at 31 March 2016	<u>88,817</u>
Impairment losses and amortisation at 1 April 2015	0
Amortisation/depreciation in the year	12,184
Impairment losses and amortisation at	<u>12,184</u>
Carrying amount at 31 March 2016	<u>76,633</u>

Financial statements for the period 1 April 2015 - 31 March 2016

Notes to the financial statements

6 Property, plant and equipment

DKK	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 April 2015	4,870,154	1,386,305	3,058,227	9,314,686
Additions in the year	168,940	216,713	23,038	408,691
Disposals in the year	0	0	-663,620	-663,620
Cost at 31 March 2016	5,039,094	1,603,018	2,417,645	9,059,757
Impairment losses and depreciation at 1 April 2015	3,889,165	1,230,169	2,422,072	7,541,406
Amortisation/depreciation in the year	35,978	62,290	182,896	281,164
Reversal of amortisation/depreciation and impairment of disposals	0	0	-558,827	-558,827
Impairment losses and depreciation at 31 March 2016	3,925,143	1,292,459	2,046,141	7,263,743
Carrying amount at 31 March 2016	1,113,951	310,559	371,504	1,796,014

DKK	2015/16	2014/15
7 Share capital		
The share capital consists of the following:		
4,000 shares of DKK 1,000.00 each	4,000,000	4,000,000
	4,000,000	4,000,000

The Company's share capital has remained DKK 4,000,000 over the past 5 years.

8 Collateral

The Company has not placed any assets or other as security for loans at 31 March 2016.

9 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	2015/16	2014/15
Rent and lease liabilities	215,696	121,230

Of the total liabilities, DKK 128,128 is due within 1 year.