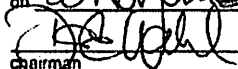


Emerson Industrial Automation Denmark A/S

Hollufsgaards Allé 9
DK-5220 Odense SØ

CVR-no. 73 58 80 14

Annual report 2015/16

The annual report was presented and adopted at the
Company's annual general meeting
on 30 November 2016

chairman

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Emerson Industrial Automation Denmark A/S
Annual report 2015/16
CVR-no. 73 58 80 14

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Emerson Industrial Automation Denmark A/S
Annual report 2015/16
CVR-no. 73 58 80 14

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 Industrial Automation Denmark A/S 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 matters discussed in the Management's review.

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

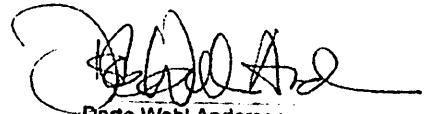
Odense, 30 November 2016
Executive Board:

Andries Boone

Board of Directors:


Pascal Olivier Galant

Laurent Jean-Michel
Babaud


Dorte Wahi Andersen

Emerson Industrial Automation Denmark A/S
Annual report 2015/16
CVR-no. 73 58 80 14

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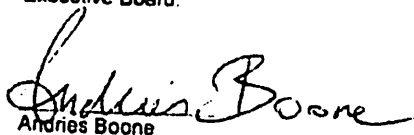
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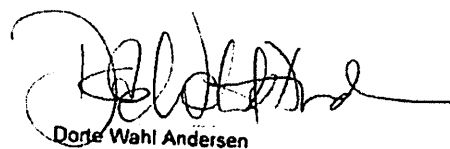
Odense, 30 November 2016
Executive Board.


Andries Boone

Board of Directors:


Pascal Olivier Galant


Laurent Jean-Michel
Babaud


Dorte Wahl Andersen



Independent auditor's report

To the shareholders of Emerson Industrial Automation Denmark A/S

Independent auditor's report on the financial statements

We have audited the financial statements of Emerson Industrial Automation Denmark A/S 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 activities 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, 30 November 2016

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Michael Mortensen', is written over a horizontal line.

Michael Mortensen
State Authorised
Public Accountant

Emerson Industrial Automation Denmark A/S
Annual report 2015/16
CVR-no. 73 58 80 14

Management's review

Company details

Emerson Industrial Automation Denmark A/S
Hollufsgaards Allé 9
DK-5220 Odense SØ

Telephone: +45 6314 1463
Fax: +45 6314 1473
CVR no.: 73 58 80 14
Registered office: Odense
Financial year: 1 October – 30 September

Board of Directors

Pascal Olivier Galant
Laurent Jean-Michel Babaud
Dorte Wahl Andersen

Executive Board

Andries Boone

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
8210 Aarhus V
Denmark

Management's review

Operating review

Principal activity

The Company is primarily engaged in the sale of rotating machines and related products.

Uncertainty relating to recognition and measurement

During the year under review, the Company did not identify any matters causing uncertainty surrounding recognition and measurement in the financial statements.

Unusual matters which may have had an impact on recognition or measurement

No unusual matters were identified for the 2015/16 financial year.

Development in activities and financial position

The Company reported a profit for the 2015/16 financial year of DKK 413 thousand as against a profit of DKK 993 thousand for the 2014/15 financial year. The Company considers the profit satisfactory.

Outlook

The Company expects to report a profit for 2016/17 in line with 2015/2016.

Subsequent events

In August 2016, it was announced that the Company as part of the Leroy Somer and Control Techniques business was sold from Emerson Electric to Nidec Corporation. The sale is expected to be effective from December 2016.

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

Financial statements 1 October – 30 September

Accounting policies

The annual report of Emerson Industrial Automation Denmark A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to entities of reporting class B.

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

The annual report for 2015/16 is presented in Danish kroner.

Income statement

Revenue

Income from the sale of goods is recognised as revenue when delivery and transfer of risk to the buyer have taken place, and the income may be reliably measured and is expected to be received.

The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010. Sales of services are recognised when the service has been delivered to the customer.

Costs of goods sold

Cost of goods sold consists of the costs incurred to achieve the revenue for the year.

Other external costs

Other external costs comprise distribution, sales, advertising, administration, rental costs, loss on debtors etc.

Gross profit

In accordance with section 32 of the Danish Financial Statements Act, the Company has aggregated revenue, cost of goods sold and other external costs in the item "Gross profit".

Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pension and other social security costs, etc. to the Company's employees, excluding refunds from public authorities.

Financial statements 1 October – 30 September

Accounting policies

Financial income and expenses

Financial income and expenses comprise interest income and expense and transactions denominated in foreign currencies.

Tax on profit for the year

Tax on profit for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates.

Balance sheet

Intangible assets

Intangible assets are initially measured at cost.

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

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

The basis of depreciation is cost less any residual value after the end of the useful lives. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment 3-5 years

Fixtures and fittings, tools and equipment is written down to recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of fixtures and fittings, tools and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 October – 30 September

Accounting policies

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Finished goods and goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs 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 or a portfolio of receivables has been impaired.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

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

Joint taxation contributions receivable and payable are recognised in the balance sheet as balances with group entities.

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.

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

Emerson Industrial Automation Denmark A/S
Annual report 2015/16
CVR-no. 73 58 80 14

Financial statements 1 October – 30 September

Accounting policies

Liabilities and other provisions

Financial liabilities are measured at amortised cost

Other liabilities are measured at net realisable value

Financial statements 1 October – 30 September

Income statement

DKK	Note	2015/16	2014/15
Gross profit		9,394,206	9,584,327
Staff costs	1	-8,512,421	-7,888,857
Depreciation		-371,294	-385,999
Profit before financial income and expenses		510,491	1,309,471
Financial income	2	10,672	6,960
Financial expenses	3	-1,913	-10,915
Profit before tax		519,250	1,305,516
Tax on profit for the year	4	-106,694	-312,983
Profit for the year		<u>412,556</u>	<u>992,533</u>
Proposed profit appropriation			
Proposed dividends for the financial year		6,200,000	0
Retained earnings		-5,787,444	992,533
		<u>412,556</u>	<u>992,533</u>

Financial statements 1 October – 30 September

Balance sheet

DKK	Note	2015/16	2014/15
ASSETS			
Non-current assets			
Intangible assets	5		
Goodwill		<u>1,853,975</u>	<u>2,224,770</u>
Property, plant and equipment			
Fixtures and fittings, tools and equipment	6	<u>29,441</u>	<u>0</u>
Total non-current assets		<u>1,883,416</u>	<u>2,224,770</u>
Current assets			
Inventories			
Finished goods and goods for resale		<u>1,646,585</u>	<u>1,431,331</u>
Receivables			
Trade receivables		6,513,593	6,478,133
Receivables from group entities		12,792,932	12,389,206
Deposits		121,258	118,880
Deferred tax asset		89,404	107,968
Prepayments		<u>220,145</u>	<u>201,065</u>
		<u>19,737,332</u>	<u>19,295,252</u>
Total current assets		<u>21,383,917</u>	<u>20,726,583</u>
TOTAL ASSETS		<u>23,267,333</u>	<u>22,951,353</u>

Financial statements 1 October – 30 September

Balance sheet

DKK	Note	2015/16	2014/15
EQUITY AND LIABILITIES			
Equity			
Share capital		800,000	800,000
Retained earnings		6,673,010	12,460,454
Proposed dividends for the financial year		6,200,000	0
Total equity	7	<u>13,673,010</u>	<u>13,260,454</u>
Liabilities			
Current liabilities			
Prepayments received from customers		0	372,500
Trade payables		123,295	456,998
Payables to group entities		5,434,689	6,100,562
Other payables		4,036,339	2,760,839
		<u>9,594,323</u>	<u>9,690,899</u>
Total liabilities		<u>9,594,323</u>	<u>9,690,899</u>
TOTAL EQUITY AND LIABILITIES		<u>23,267,333</u>	<u>22,951,353</u>
Deferred tax	8		
Contingent assets, liabilities and other obligations	9		
Related parties and ownership	10		

Financial statements 1 October – 30 September

Notes

	2015/16	2014/15
DKK		
1 Staff costs		
Wages and salaries	7,900,036	7,334,173
Pensions	516,508	474,282
Other social security costs	95,877	80,402
	<u>8,512,421</u>	<u>7,888,857</u>
2 Financial income		
Interest income from group entities	10,672	6,960
	<u>10,672</u>	<u>6,960</u>
3 Financial expenses		
Interest expense to group entities	0	7,566
Other interest expense	1,913	3,349
	<u>1,913</u>	<u>10,915</u>
4 Tax on profit for the year		
Current tax for the year	88,130	269,219
Deferred tax for the year	18,564	56,150
Adjustment of tax concerning previous years	0	-12,386
	<u>106,694</u>	<u>312,983</u>
5 Intangible assets		
DKK		<u>Goodwill</u>
Cost at 1 October 2015		2,595,565
Additions for the year		0
Cost at 30 September 2016		<u>2,595,565</u>
Amortisation at 1 October 2015		370,795
Amortisation for the year		370,795
Amortisation at 30 September 2016		<u>741,590</u>
Carrying amount at 30 September 2016		<u>1,853,975</u>

Goodwill is amortised on a straight-line basis over seven years, ensuring amortisation is in line with projected earnings linked to goodwill.

Financial statements 1 October – 30 September

Notes

6 Property, plant and equipment

DKK	Fixtures and fittings, tools and equipment
Cost at 1 October 2015	240,492
Additions for the year	29,940
Cost at 30 September 2016	<u>270,432</u>
Depreciation at 1 October 2015	240,492
Depreciation for the year	499
Reversal of depreciation of sold assets	0
Depreciation at 30 September 2016	<u>240,991</u>
Carrying amount at 30 September 2016	<u>29,441</u>
Depreciated over	<u>3-5 years</u>

7 Equity

DKK	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 October 2015	800,000	12,460,454	0	13,260,454
Profit/loss for the year	0	-5,787,444	6,200,000	412,556
Equity at 30 September 2016	<u>800,000</u>	<u>6,673,010</u>	<u>6,200,000</u>	<u>13,673,010</u>

The share capital consists of 800 shares. All shares rank equally.

8 Deferred tax

Deferred tax (asset) relates to property, plant and equipment, inventories and receivables.

Financial statements 1 October – 30 September

Notes

9 Contingent assets, liabilities and other obligations

The Company has entered into multiple rent agreements, which are interminable until 1 January 2016 and 28 February 2017. Minimum rent during the period amounts to approx. DKK 325 thousand at the balance sheet date. The lease liability regarding fixtures and fittings, tools and equipment totalled DKK 157 thousand at the balance sheet date and covers the period from 2014 to 2017.

The Company is jointly taxed with other Danish companies in the Emerson Group. As a wholly-owned subsidiary, together with 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 corrections to the taxable joint taxation income or withholding taxes could result in an adjustment of the Company's liability.

The Company provides usual guarantees for products delivered.

In addition to this, the Company has not assumed any further contingent liabilities.

10 Related party disclosures

The Company's related parties comprise the following:

Parties exercising control

Leroy-Somer, France, 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 share capital:

Leroy-Somer
Boulevard Marcellin Leroy
CS10015
16915 Angoulême Cedex 9
France

The Company that presents consolidated financial statements, including Emerson Industrial Automation Denmark A/S, 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.