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# ***Nidec Industrial Automation Denmark A/S***

Hollufgårds Allé 9, DK-5220 Odense SØ

## **Annual Report for 1 October 2016 - 30 September 2017**

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CVR No 73 58 80 14

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
01/02 2018

Christina Bruun Geertsen  
Chairman



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# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nidec Industrial Automation Denmark A/S for the financial year 1 October 2016 - 30 September 2017.

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 financial position at 30 September 2017 of the Company and of the results of the Company operations for 2016/17.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Odense, 1 February 2018

## **Executive Board**

Tomasz Wojciech Szerszen

## **Board of Directors**

Guillaume de la Codre

Laurent Jean-Michel Babaud

Andries Jacques Agnes Boone

# Independent Auditor's Report

To the Shareholder of Nidec Industrial Automation Denmark A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2017 and of the results of the Company's operations for the financial year 1 October 2016 - 30 September 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nidec Industrial Automation Denmark A/S for the financial year 1 October 2016 - 30 September 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 on 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

# Independent Auditor's Report

## Management's responsibilities 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 as 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 ISAs 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 ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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.

## Independent Auditor's Report

- 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.

Hellerup, 1 February 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Steffen Kaj Pedersen

statsautoriseret revisor

## **Company Information**

### **The Company**

Nidec Industrial Automation Denmark A/S  
Hollufgårds Allé 9  
DK-5220 Odense SØ

Telephone: + 45 63141463  
E-mail: [info.dk@mail.nidec.com](mailto:info.dk@mail.nidec.com)  
Website: [nidecautomation.com](http://nidecautomation.com)

CVR No: 73 58 80 14  
Financial period: 1 October - 30 September  
Municipality of reg. office: Odense

### **Board of Directors**

Guillaume de la Codre  
Laurent Jean-Michel Babaud  
Andries Jacques Agnes Boone

### **Executive Board**

Tomasz Wojciech Szerszen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# **Management's Review**

## **Key activities**

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

## **Development in the year**

The income statement of the Company for 2016/17 shows a profit of DKK 171,217, and at 30 September 2017 the balance sheet of the Company shows equity of DKK 7,644,227.

## **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

## **Unusual events**

The financial position at 30 September 2017 of the Company and the results of the activities of the Company for the financial year for 2016/17 have not been affected by any unusual events.



## Income Statement 1 October - 30 September

	Note	2016/17 DKK	2015/16 DKK
<b>Gross profit/loss</b>		<b>8.889.356</b>	<b>9.394.205</b>
Staff expenses	1	-8.227.499	-8.512.421
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-388.648	-371.294
<b>Profit/loss before financial income and expenses</b>		<b>273.209</b>	<b>510.490</b>
Financial income	2	1.830	10.672
Financial expenses		-27.876	-1.913
<b>Profit/loss before tax</b>		<b>247.163</b>	<b>519.249</b>
Tax on profit/loss for the year	3	-75.946	-106.694
<b>Net profit/loss for the year</b>		<b>171.217</b>	<b>412.555</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	0	6.200.000
Retained earnings	171.217	-5.787.445
	<b>171.217</b>	<b>412.555</b>

# Balance Sheet 30 September

## Assets

	Note	2016/17 DKK	2015/16 DKK
Goodwill		1.483.180	1.853.975
<b>Intangible assets</b>	4	<b>1.483.180</b>	<b>1.853.975</b>
Other fixtures and fittings, tools and equipment		87.021	29.441
<b>Property, plant and equipment</b>	5	<b>87.021</b>	<b>29.441</b>
<b>Fixed assets</b>		<b>1.570.201</b>	<b>1.883.416</b>
<b>Inventories</b>		<b>1.174.230</b>	<b>1.646.585</b>
Trade receivables		6.521.079	6.513.593
Receivables from group enterprises		2.150	12.792.932
Other receivables		133.169	121.258
Deferred tax asset	7	33.549	89.404
Prepayments		528.920	220.145
<b>Receivables</b>		<b>7.218.867</b>	<b>19.737.332</b>
<b>Cash at bank and in hand</b>		<b>6.734.261</b>	<b>0</b>
<b>Currents assets</b>		<b>15.127.358</b>	<b>21.383.917</b>
<b>Assets</b>		<b>16.697.559</b>	<b>23.267.333</b>

# Balance Sheet 30 September

## Liabilities and equity

	Note	2016/17 DKK	2015/16 DKK
Share capital		800.000	800.000
Retained earnings		6.844.227	6.673.010
Proposed dividend for the year		0	6.200.000
<b>Equity</b>	<b>6</b>	<b><u>7.644.227</u></b>	<b><u>13.673.010</u></b>
Trade payables		346.178	123.295
Payables to group enterprises		6.172.145	5.355.010
Corporation tax		99.770	79.679
Other payables		<u>2.435.239</u>	<u>4.036.339</u>
<b>Short-term debt</b>		<b><u>9.053.332</u></b>	<b><u>9.594.323</u></b>
<b>Debt</b>		<b><u>9.053.332</u></b>	<b><u>9.594.323</u></b>
<b>Liabilities and equity</b>		<b><u>16.697.559</u></b>	<b><u>23.267.333</u></b>
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## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 October	800.000	6.673.010	6.200.000	13.673.010
Ordinary dividend paid	0	0	-6.200.000	-6.200.000
Net profit/loss for the year	0	171.217	0	171.217
<b>Equity at 30 September</b>	<b>800.000</b>	<b>6.844.227</b>	<b>0</b>	<b>7.644.227</b>

# Notes to the Financial Statements

	2016/17	2015/16
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	7.551.711	7.900.036
Pensions	576.327	516.508
Other social security expenses	99.461	95.877
	<u>8.227.499</u>	<u>8.512.421</u>
<b>Average number of employees</b>	<u>12</u>	<u>12</u>
<b>2 Financial income</b>		
Interest received from group enterprises	1.829	10.672
Other financial income	1	0
	<u>1.830</u>	<u>10.672</u>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	20.091	88.130
Deferred tax for the year	34.442	18.564
Adjustment of deferred tax concerning previous years	21.413	0
	<u>75.946</u>	<u>106.694</u>
<b>4 Intangible assets</b>		
		Goodwill
		DKK
Cost at 1 October		<u>2.595.565</u>
Cost at 30 September		<u>2.595.565</u>
Impairment losses and amortisation at 1 October		741.590
Amortisation for the year		<u>370.795</u>
Impairment losses and amortisation at 30 September		<u>1.112.385</u>
<b>Carrying amount at 30 September</b>		<u>1.483.180</u>
Amortised over		<u>7 years</u>

# Notes to the Financial Statements

## 5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 October	270.432
Additions for the year	75.434
Disposals for the year	-117.172
Cost at 30 September	<u>228.694</u>
Impairment losses and depreciation at 1 October	240.991
Depreciation for the year	17.854
Impairment and depreciation of sold assets for the year	-117.172
Impairment losses and depreciation at 30 September	<u>141.673</u>
<b>Carrying amount at 30 September</b>	<b><u>87.021</u></b>
Depreciated over	<u>3-5 years</u>

## 6 Equity

The share capital consists of 800 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

## 7 Deferred tax asset

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

## 8 Related parties

### Basis

#### Controlling interest

Nidec Leroy-Somer Holding, France, holds the majority of the share capital in the Company.

# Notes to the Financial Statements

## 8 Related parties (continued)

### 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:

Nidec Leroy-Somer Holding  
Boulevard Marcellin Leroy  
CS10015  
16915 Angoûleme Cedex 9  
France

### Consolidated Financial Statements

<u>Name</u>	<u>Place of registered office</u>
Nidec Leroy-Somer Holding	Boulevard Marcellin Leroy, CS10015 16915 Angoûleme Cedex 9 France

# Notes to the Financial Statements

## 9 Accounting Policies

The Annual Report of Nidec Industrial Automation Denmark A/S for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2016/17 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

## Income Statement

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.



# Notes to the Financial Statements

## 9 Accounting Policies (continued)

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in 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.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

### Balance Sheet

#### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 7 years.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years
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Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

#### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

#### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and di-

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

rect labour.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

### Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.