
Trelleborg Sealing Solutions Denmark A/S

Pilestræde 58, st. th., DK-1112 København

Annual Report for 1 January - 31 December 2015

CVR No 76 94 86 15

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
26/4 2016

Søren Stenderup Jensen
Chairman



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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Trelleborg Sealing Solutions Denmark A/S for the financial year 1 January - 31 December 2015.

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 31 December 2015 of the Company and of the results of the Company operations for 2015.

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.

Copenhagen, 18 March 2016

Executive Board

Jan Møhl Winther

Board of Directors

Jürgen Bosch
Chairman

Jan Møhl Winther

Kitti Tony Hartelius

Independent Auditor's Report on the Financial Statements

To the Shareholder of Trelleborg Sealing Solutions Denmark A/S

Report on the Financial Statements

We have audited the Financial Statements of Trelleborg Sealing Solutions Denmark A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, notes and 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 as 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 whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, 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 audit opinion.

Independent Auditor's Report on the Financial Statements

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 18 March 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild
statsautoriseret revisor

Mark P. Beer
statsautoriseret revisor

Company Information

The Company

Trelleborg Sealing Solutions Denmark A/S
Pilestræde 58, st. th.
DK-1112 København

Telephone: 48 22 80 80
Facsimile: 48 22 80 90

CVR No: 76 94 86 15
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Jürgen Bosch, Chairman
Jan Møhl Winther
Kitti Tony Hartelius

Executive Board

Jan Møhl Winther

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Bankers

Danske Bank
Storkunder Danmark
Holmens Kanal 2-12
DK-1092 København K

Management's Review

Main activity

As in previous years, the Company's main activity has consisted of technical advisory, marketing and sale of seals/sealing solutions and bearings/bearing solutions.

Development in the year

The income statement of the Company for 2015 shows a profit of DKK 4,690,924, and at 31 December 2015 the balance sheet of the Company shows equity of DKK 7,746,056.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2015 DKK	2014 DKK
Gross profit/loss		16.971.021	8.647.745
Distribution expenses		-4.619.436	-4.377.656
Administrative expenses		-6.164.387	-6.751.271
Operating profit/loss		6.187.198	-2.481.182
Profit/loss before financial income and expenses		6.187.198	-2.481.182
Financial income	1	9.706	13.915
Financial expenses		-6.515	-3.736
Profit/loss before tax		6.190.389	-2.471.003
Tax on profit/loss for the year	2	-1.499.465	549.717
Net profit/loss for the year		4.690.924	-1.921.286

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	4.500.000	0
Retained earnings	190.924	-1.921.286
	4.690.924	-1.921.286

Balance Sheet 31 December

Assets

	Note	2015 DKK	2014 DKK
Other fixtures and fittings, tools and equipment		36.444	55.950
Tangible assets	3	36.444	55.950
Fixed assets		36.444	55.950
Trade receivables		5.819.911	4.399.684
Receivables from group enterprises		7.179.452	6.517.655
Other receivables		549.023	791.794
Deferred tax asset		648.599	1.297.802
Corporation tax		949.738	52.377
Receivables		15.146.723	13.059.312
Currents assets		15.146.723	13.059.312
Assets		15.183.167	13.115.262

Balance Sheet 31 December

Liabilities and equity

	Note	2015 DKK	2014 DKK
Share capital		500.000	500.000
Retained earnings		2.746.056	2.555.132
Proposed dividend for the year		4.500.000	0
Equity	4	<u>7.746.056</u>	<u>3.055.132</u>
Trade payables		258.741	165.954
Payables to group enterprises		1.130.427	1.648.681
Other payables		6.047.943	8.245.495
Short term debt		<u>7.437.111</u>	<u>10.060.130</u>
Debt		<u>7.437.111</u>	<u>10.060.130</u>
Liabilities and equity		<u>15.183.167</u>	<u>13.115.262</u>
Contingent assets, liabilities and other financial obligations	5		
Staff	6		

Notes to the Financial Statements

	2015 DKK	2014 DKK
1 Financial income		
Interest received from group enterprises	10	11.164
Other financial income	9.696	2.751
	9.706	13.915
 2 Tax on profit/loss for the year		
Current tax for the year	850.262	697.623
Deferred tax for the year	649.203	-1.247.340
	1.499.465	-549.717
 3 Tangible assets		
		Other fixtures and fittings, tools and equipment DKK
Cost at 1 January		378.607
Disposals for the year		-43.921
Cost at 31 December		334.686
Impairment losses and depreciation at 1 January		322.657
Depreciation for the year		19.506
Impairment and depreciation of sold assets for the year		-43.921
Impairment losses and depreciation at 31 December		298.242
 Carrying amount at 31 December		36.444

Notes to the Financial Statements

3 Tangible assets (continued)

	<u>2015</u> DKK	<u>2014</u> DKK
Depreciation and impairment of tangible assets are recognised in the following items:		
Administrative expenses	19.506	22.014
	<u>19.506</u>	<u>22.014</u>

4 Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Proposed dividend for the year</u> DKK	<u>Total</u> DKK
Equity at 1 January	500.000	2.555.132	0	3.055.132
Net profit/loss for the year	0	190.924	4.500.000	4.690.924
Equity at 31 December	<u>500.000</u>	<u>2.746.056</u>	<u>4.500.000</u>	<u>7.746.056</u>

The share capital consists of 1 share of a nominal value of DKK 500,000. No shares carry any special rights.

5 Contingent assets, liabilities and other financial obligations

	<u>2015</u> DKK	<u>2014</u> DKK
Rental agreements and leases		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1.050.173	1.061.488
Between 1 and 5 years	1.650.096	2.683.770
	<u>2.700.269</u>	<u>3.745.258</u>

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

Notes to the Financial Statements

	<u>2015</u>	<u>2014</u>
	DKK	DKK
6 Staff		
Wages and Salaries	6.562.410	5.893.209
Pensions	569.951	548.739
Other social security expenses	60.067	60.055
	<u>7.192.428</u>	<u>6.502.003</u>
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Distribution expenses	3.975.698	3.850.637
Administrative expenses	3.216.730	2.651.366
	<u>7.192.428</u>	<u>6.502.003</u>
Average number of employees	<u>9</u>	<u>9</u>

Accounting Policies

Basis of Preparation

The Annual Report of Trelleborg Sealing Solutions Denmark A/S for 2015 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.

Financial Statements for 2015 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.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Accounting Policies

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.

Distribution expenses

Distribution expenses comprise expenses in the form of wages and salaries to sales and distribution staff, advertising and marketing expenses, depreciation and amortisation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

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 Trelleborg Holding Danmark A/S. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Accounting Policies

Balance Sheet

Tangible assets

Tangible assets 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

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Equity

Dividend

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

Tax

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, including the tax base of tax loss carry-forwards, 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.

Accounting Policies

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.

Financial debts

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