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# ***Trelleborg Sealing Solutions Denmark A/S***

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

## **Annual Report for 1 January - 31 December 2017**

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CVR No 76 94 86 15

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
16/5 2018

Charlotta Grähs  
Chairman

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# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Trelleborg Sealing Solutions Denmark A/S for the financial year 1 January - 31 December 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 31 December 2017 of the Company and of the results of the Company operations for 2017.

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, 28 March 2018

## **Executive Board**

Mikkel Mørup

## **Board of Directors**

Jürgen Bosch  
Chairman

Mikkel Mørup

Kitti Tony Hartelius

# Independent Auditor's Report

To the Shareholder of Trelleborg Sealing Solutions Denmark A/S

## Opinion

We have audited the Financial Statements of Trelleborg Sealing Solutions Denmark A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are 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 of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

## 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.

## 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

# Independent Auditor's Report

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.
- 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.

## 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 re-

# **Independent Auditor's Report**

quired 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.

København, 28 March 2018

**Deloitte**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 96 35 56*

Christian Sanderhage

State Authorised Public Accountant

mne23347

## **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  
Mikkel Mørup  
Kitti Tony Hartelius

### **Executive Board**

Mikkel Mørup

### **Auditors**

Deloitte  
Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
DK-2300 København S

### **Bankers**

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

# **Management's Review**

## **Key activities**

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 2017 shows a profit of DKK 4,330,969, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 8,160,859.

## **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

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
<b>Gross profit/loss</b>		<b>17.455.690</b>	<b>17.912.611</b>
Distribution expenses	1	-4.813.356	-4.533.809
Administrative expenses	1	-7.095.223	-6.847.030
<b>Operating profit/loss</b>		<b>5.547.111</b>	<b>6.531.772</b>
<b>Profit/loss before financial income and expenses</b>		<b>5.547.111</b>	<b>6.531.772</b>
Financial income		6.246	4.059
Financial expenses		0	-16.017
<b>Profit/loss before tax</b>		<b>5.553.357</b>	<b>6.519.814</b>
Tax on profit/loss for the year	2	-1.222.388	-1.435.973
<b>Net profit/loss for the year</b>		<b>4.330.969</b>	<b>5.083.841</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	3.500.000	4.500.000
Retained earnings	830.969	583.841
	<b>4.330.969</b>	<b>5.083.841</b>

## Balance Sheet 31 December

### Assets

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Other fixtures and fittings, tools and equipment		14.009	52.675
<b>Tangible assets</b>		<b>14.009</b>	<b>52.675</b>
<b>Fixed assets</b>		<b>14.009</b>	<b>52.675</b>
Trade receivables		6.615.250	5.652.169
Receivables from group enterprises		5.036.496	5.723.654
Other receivables		364.310	803.795
Deferred tax asset		23.998	90.520
Corporation tax		244.134	422.106
<b>Receivables</b>		<b>12.284.188</b>	<b>12.692.244</b>
<b>Currents assets</b>		<b>12.284.188</b>	<b>12.692.244</b>
<b>Assets</b>		<b>12.298.197</b>	<b>12.744.919</b>

# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Share capital		500.000	500.000
Retained earnings		4.160.859	3.329.890
Proposed dividend for the year		3.500.000	4.500.000
<b>Equity</b>	<b>3</b>	<b><u>8.160.859</u></b>	<b><u>8.329.890</u></b>
Prepayments received from customers		160.677	0
Trade payables		109.673	94.274
Payables to group enterprises		677.863	975.053
Other payables		3.189.125	3.345.702
<b>Short term debt</b>		<b><u>4.137.338</u></b>	<b><u>4.415.029</u></b>
<b>Debt</b>		<b><u>4.137.338</u></b>	<b><u>4.415.029</u></b>
<b>Liabilities and equity</b>		<b><u>12.298.197</u></b>	<b><u>12.744.919</u></b>
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## Notes to the Financial Statements

	<u>2017</u>	<u>2016</u>
	DKK	DKK
<b>1 Staff</b>		
Wages and Salaries	6.431.891	6.684.976
Pensions	568.521	615.352
Other social security expenses	55.903	58.809
	<u><b>7.056.315</b></u>	<u><b>7.359.137</b></u>
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Distribution expenses	4.249.217	4.086.304
Administrative expenses	2.807.098	3.272.833
	<u><b>7.056.315</b></u>	<u><b>7.359.137</b></u>
<b>Average number of employees</b>	<u><b>9</b></u>	<u><b>9</b></u>
<b>2 Tax on profit/loss for the year</b>		
Current tax for the year	1.155.866	877.894
Deferred tax for the year	66.522	558.079
	<u><b>1.222.388</b></u>	<u><b>1.435.973</b></u>

## Notes to the Financial Statements

### 3 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	500.000	3.329.890	4.500.000	8.329.890
Ordinary dividend paid	0	0	-4.500.000	-4.500.000
Net profit/loss for the year	0	830.969	3.500.000	4.330.969
<b>Equity at 31 December</b>	<b>500.000</b>	<b>4.160.859</b>	<b>3.500.000</b>	<b>8.160.859</b>

	2017	2016
	DKK	DKK
<b>4 Contingent assets, liabilities and other financial obligations</b>		

#### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	762.289	996.032
Between 1 and 5 years	1.263.179	1.160.720
	<b>2.025.468</b>	<b>2.156.752</b>

#### Other 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

## 5 Related parties

### Basis

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#### Controlling interest

Trelleborg AB, Sweden

Ultimate Parent Company

#### 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:

Trelleborg Holding Danmark A/S

#### Consolidated Financial Statements

Trelleborg AB, Sweden is the Parent Company which prepares the consolidated financial statements in which the company is included as a subsidiary.

Name

Place of registered office

Trelleborg AB

Sweden

# Notes to the Financial Statements

## 6 Accounting Policies

The Annual Report of Trelleborg Sealing Solutions Denmark A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and with options from reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 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. Exchange differences 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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

# Notes to the Financial Statements

## 6 Accounting Policies (continued)

### Income Statement

#### 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.

#### Gross profit/loss

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

#### 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 enterprises in proportion to their taxable incomes.



# Notes to the Financial Statements

## 6 Accounting Policies (continued)

### 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
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#### 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.

#### 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.

## **Notes to the Financial Statements**

### **6 Accounting Policies** (continued)

#### **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.