

# **PRO-FACE NORTHERN EUROPE ApS**

Annual report

1 January 2014 - 31 December 2014

**The annual report has been presented and  
approved on the company's general meeting the**

**17/03/2015**

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**Klaus Boje**

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**Chairman of general meeting**

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# Company information

**Reporting company** PRO-FACE NORTHERN EUROPE ApS

Ledreborg Alle 118

4000 Roskilde

Phone number: 70220122

CVR-nr: 26273234

Reporting period: 01/01/2014 - 31/12/2014

**Auditor**

ONE REVISION ØST, STATS AUTORISERET REVISIONSAKTIESELSKAB

Roskildevej 37A, 3.sal

2000 Frederiksberg

DK Denmark

CVR-nr: 27674399

P-number: 1010905261

# Statement by Management

We have presented the annual report of Pro-face Northern Europe ApS for the financial year 1 January - 31 December 2014.

The annual report has been prepared in accordance with the Danish Financial Statements Act. In our view, the financial statements give a true and fair view of the Company's financial position and result.

In our opinion the management review includes a fair statement of the matters dealt with.

We recommend the annual report for adoption at the Annual General Meeting.

Roskilde, the 22/01/2015

## Management

Klaus Boje

## Board of directors

Yoshihiko Yasumura

Mohamed Benabda

Klaus Boje

# Independent Auditor's Reports

To the shareholder of Pro-face Northern Europe ApS

## Report on Financial Statements

We have audited the financial statements of Pro-face Northern Europe ApS for the financial year 1 January -31 December 2014, which comprise the accounting policies, income statement, balance sheet, equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

### Executive and supervisory board's responsibility for financial statements

The Management is responsible for the preparation and fair presentation of financial statements that contains a fair review in accordance with the Danish Financial Statements Act. The Management is further responsible for the internal control that the Management determines is necessary to enable the preparation and resentation 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 about 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as 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.

The 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 December 2014 and of the results of the Company's operations for the financial year 1 January - 31 December 2014 in accordance with the Danish Financial Statements Act.

## **Reports on other Legal and Regulatory Requirements**

### **Statement on Management's review**

Management is responsible for preparing a management review that includes a fair review in accordance with the Danish Financial Statements Act.

The audit did not include the management review, but we have in accordance with the Danish Financial Statements Act read the review. We have not performed any procedures additional to the audit of the financial Statements.

It is on this basis, we believe that the information contained in the management review is consistent with the financial statements.

Frederiksberg, 22/01/2015

Egon Ramskov Laursen  
State Authorized Public Accountant  
ONE REVISION ØST, STATS AUTORISERET  
REVISIONSAKTIESELSKAB

# Management's Review

## **Main activities**

The Company's activity comprises sale and distribution of user-friendly human and machine interfaces.

## **Unusual conditions**

In the preparation of the annual report for 2014, the management became aware that the value adjustment of investments in subsidiary, has not previously been bound as a reserve to equity as described in accounting policies. The ratio is adjusted in the annual report for 2014 and the comparative figures for 2013 have been restated accordingly.

The correction entails that there to equity is transferred DKK 207.295 from retained earnings to reserve for net revaluation of investments for failure binding in the previous financial year. The correction does not affect the total equity or other balance sheet items.

## **Development in activities and economic conditions**

The annual report which shows a profit of DKK 426.985 is considered satisfactory.

## **Events after closing of the accounts**

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B.

The annual report of Pro-face Northern Europe ApS for the financial year 1 January - 31 December 2014 is presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C enterprises.

- Note information on fixed assets.

The financial statements have been presented applying the accounting policies consistently with last year.

## Correction of errors in previous annual reports

In the preparation of the annual report for 2014, the management became aware that the value adjustment of investments in subsidiary, has not previously been bound as a reserve to equity as described in accounting policies. The ratio is adjusted in the annual report for 2014 and the comparative figures for 2013 have been restated accordingly.

The correction entails that there to equity is transferred DKK 207,295 from retained earnings to reserve for net revaluation of investments for failure binding in the previous financial year. The correction does not affect the total equity or other balance sheet items.

## Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act there is not prepared consolidated financial statements for the subgroup. Pro-face Northern Europe ApS is included in the consolidated financial statements of Pro-face Europe B.V., Holland.

## Income statement

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognized in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognized net of VAT, duties and sales discounts.

### Other operating income and operating expenses

Other operating income and expenses comprise income and expenses of a secondary nature as viewed in relation to the Company's primary activities.

### Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

### Leasing contracts

Payments made under operating leases and other leases are recognized in the income statement over the lease term. The company's total commitment under operating leases and rental agreements are disclosed under contingencies etc.

### Income from investments in subsidiaries and associates

In the income statement is recognized the proportionate share of subsidiary and associated companies' profit after tax and full elimination of intercompany gains/losses and depreciation and amortization of any goodwill.

### **Financial income and expenses**

These items comprise interest income and interest expenses, the interest portion of finance lease payments, realized and unrealized capital gains and losses on securities and transactions in foreign currencies, amortization premium or allowance on mortgage debt, etc as well as tax surcharge and relief under the Danish Tax Prepayment Scheme.

Interest expenses and other financial expenses for manufacturing assets are not included in the cost of assets, but are recognized in the income statement as incurred.

### **Income taxes**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit/loss for the year and recognized directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with its other Danish associated companies and all of the associated companies' other Danish subsidiaries with Schneider Nordic Baltic A/S as the management company. The current tax is allocated between the jointly taxed companies proportionally to their taxable income and the full allocation of tax losses. The jointly taxed companies are included in the account tax.

## **Balance**

### **Intangible assets**

Acquired goodwill is measured at cost less amortization and impairment losses. Acquired goodwill is amortized over a period of five years.

Acquired software licenses are measured at cost less amortization and impairment losses. Software licenses are amortized over a period of three years.

### **Tangible assets**

Leasehold improvements, plant and machinery, other fixtures and fittings, tools and equipment

Leasehold improvements, plant and machinery, other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is cost minus estimated residual value after the end of useful life.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when the asset is ready to be put into operation.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Leasehold improvements	4-5 years
Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-5 years

Gains or losses on disposal of tangible fixed assets is calculated as the difference between the selling price less selling costs and the carrying value of marketing. Gains or losses are recognized in the income statement under depreciation.

### **Investments**

Investments in subsidiaries are measured at the proportionate share of the net asset value of the equity principle. The balance sheet includes the proportionate share of subsidiary and associated companies' profit after full elimination of intercompany profit and net of amortization of any goodwill.

Subsidiaries with a negative equity value are carried at DKK nil and any receivables from these enterprises

are written down by the proportion of negative equity if it is deemed as uncollectible. If the negative equity value exceeds the claims, the remaining amount under provisions to the extent that the parent has a legal or constructive obligation to cover subsidiary's negative balance.

Revaluation of investments in subsidiaries companies is transferred to the reserve for net revaluation under the equity method to the extent that the carrying value exceeds the acquisition cost less depreciation of goodwill.

### **Inventories**

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

Cost of goods for resale, raw materials and consumables consist of purchase price plus landing costs.

Cost of manufactured goods and work in progress comprise costs for raw materials, consumables and direct labor costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale and determined according to marketability, obsolescence and expected sales price.

### **Receivables**

Receivables are measured at amortized cost usually equaling nominal value less provisions for bad debts.

### **Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### **Current asset investments**

Securities recognized under current assets comprise listed bonds measured at fair value (quoted price) at the balance sheet date.

### **Cash and cash equivalents**

Cash and cash equivalents include bank deposits and cash and cash equivalents and measured at fair value.

### **Equity - Dividend**

Proposed dividends are recognized as a liability at the time of adoption of the annual general meeting. The expected dividend payment for the year is disclosed as a separate item under equity.

### **Tax payable and deferred tax**

The current tax payable or receivable is recognized in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for tax on prior years' taxable income and prepaid tax.

Deferred tax is recognized on all temporary differences between the carrying amount and tax-based value of assets and liabilities. In cases where the tax value can be applied to alternative tax rules, deferred tax is calculated on the basis of the intended use of the asset and settlement of the liability.

Deferred tax assets, including the tax value of tax loss carry forwards are recognized at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or deferred tax liabilities within the same legal tax entity.

Deferred tax is measured based on the tax rates and at the balance sheet date will be applicable when the deferred tax asset is payable.

**Debts**

Other liabilities, including debts to suppliers, affiliates and associates and other payables are measured at amortized cost, which usually corresponds to the nominal value.

Under accruals recognized as liabilities included payments received in subsequent years.

**Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange rate differences that arise between the rate at the transaction date and the one in effect at the payment date are recognized in the income statement as financial income or financial expenses. If currency positions consider cash flow hedges the value changes are recognized directly in equity.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date, are translated using the exchange rate at the balance sheet date. The difference between the exchange rate at which the receivable or payable are initial recognition and the exchange rate at the balance sheet date is recognized under financial income and expenses.

Fixed assets purchased in foreign currencies are measured at the exchange rate on transaction date.

# Income statement 1 Jan 2014 - 31 Dec 2014

	Disclosure	2014 kr.	2013 kr.
<b>Gross Result .....</b>		<b>4,947,487</b>	<b>5,079,130</b>
Employee expense .....	1	-4,341,078	-4,170,110
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets .....	2	-45,526	-49,256
<b>Profit (loss) from ordinary operating activities .....</b>		<b>560,883</b>	<b>859,764</b>
Income from other investments and receivables that are fixed assets .....		98,295	87,069
Other finance income .....	3	24,916	15,492
Other finance expenses .....	4	-137,218	-70,233
<b>Profit (loss) from ordinary activities before tax .....</b>		<b>546,876</b>	<b>892,092</b>
Tax expense .....	5	-119,891	-203,992
<b>Profit (loss) .....</b>		<b>426,985</b>	<b>688,170</b>
<b>Proposed distribution of results</b>			
Transferred from (to) reserve fund .....		80,997	78,413
Retained earnings .....		345,988	609,757
<b>Proposed distribution of profit (loss) .....</b>		<b>426,985</b>	<b>688,170</b>

# Balance sheet 31 December 2014

## Assets

	Disclosure	2014 kr.	2013 kr.
Acquired licences .....		0	859
Goodwill .....		0	0
<b>Intangible assets .....</b>	<b>6</b>	<b>0</b>	<b>859</b>
Fixtures, fittings, tools and equipment .....		141,139	49,211
Leasehold improvements .....		0	3,850
<b>Property, plant and equipment .....</b>	<b>7</b>	<b>141,139</b>	<b>53,061</b>
Investments in group enterprises .....		370,091	289,094
<b>Investments .....</b>	<b>8</b>	<b>370,091</b>	<b>289,094</b>
<b>Total non-current assets .....</b>		<b>511,230</b>	<b>343,014</b>
Manufactured goods and goods for resale .....		629,481	443,260
<b>Inventories .....</b>		<b>629,481</b>	<b>443,260</b>
Trade receivables .....		2,284,797	3,085,760
Receivables from group enterprises .....		0	296,280
Current deferred tax assets .....		33,764	49,669
Tax receivables .....		74,788	0
Other receivables .....		154,034	245,004
<b>Receivables .....</b>		<b>2,547,383</b>	<b>3,676,713</b>
Cash and cash equivalents .....		1,831,441	1,175,682
<b>Current assets .....</b>		<b>5,008,305</b>	<b>5,295,655</b>
<b>Total assets .....</b>		<b>5,519,535</b>	<b>5,638,669</b>

# Balance sheet 31 December 2014

## Liabilities and equity

	Disclosure	2014 kr.	2013 kr.
Share premium .....		130,000	130,000
Reserve for net revaluation of investment assets .....		288,292	207,295
Retained earnings .....		1,357,518	1,011,530
<b>Total equity .....</b>	<b>9</b>	<b>1,775,810</b>	<b>1,348,825</b>
Trade payables .....		60,482	49,620
Payables to group enterprises .....		2,413,198	3,210,352
Tax payables .....		0	98,514
Other payables .....		1,270,045	931,358
<b>Short-term liabilities other than provisions, gross .....</b>	<b>10</b>	<b>3,743,725</b>	<b>4,289,844</b>
<b>Liabilities other than provisions, gross .....</b>		<b>3,743,725</b>	<b>4,289,844</b>
<b>Liabilities and equity, gross .....</b>		<b>5,519,535</b>	<b>5,638,668</b>

# Disclosures

## 1. Employee expense

	<b>2014</b>	<b>2013</b>
	<b>kr.</b>	<b>kr.</b>
Wages and salaries	3,914,321	3,759,268
Post employment benefit expense	308,493	301,688
Social security contributions	35,729	37,992
Other employee expense	82,535	71,162
	<b>4,341,078</b>	<b>4,170,110</b>

## 2. Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets

	<b>2014</b>	<b>2013</b>
	<b>kr.</b>	<b>kr.</b>
Acquired licenses	859	3,437
Fixtures, fittings, tools and equipment	40,817	35,276
Leasehold improvement	3,850	10,543
	<b>45,526</b>	<b>49,256</b>

## 3. Other finance income

	<b>2014</b>	<b>2013</b>
	<b>kr.</b>	<b>kr.</b>
Other interest income	22,882	15,199
Interest from banks	2,034	293
	<b>24,916</b>	<b>15,492</b>

## 4. Other finance expenses

	<b>2014</b>	<b>2013</b>
	<b>kr.</b>	<b>kr.</b>
Other interest expenses	130,882	70,202
Interest charges banks	6,336	31
	<b>137,218</b>	<b>70,233</b>

## 5. Tax expense

	2014 kr.	2013 kr.
Income taxes	103,986	192,462
Adjustment of deferred taxes	15,905	11,460
	<u>119,891</u>	<u>203,922</u>

## 6. Intangible assets

	Goodwill kr.	Acquired licenses kr.	Total kr.
<b>Costs</b>			
Cost at 1 January	533,960	358,959	892,919
<b>Cost at 31 December</b>	<b>533,960</b>	<b>358,959</b>	<b>892,919</b>
<b>Depreciations</b>			
Depreciation at 1 January	533,960	358,100	892,060
Depreciations for the year	0	859	859
<b>Depreciations at 31 December</b>	<b>533,960</b>	<b>358,959</b>	<b>892,919</b>
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 7. Property, plant and equipment

	Leasehold improvements kr.	Fixtures, fittings, tools and equipment kr.	Total kr.
<b>Costs</b>			
Cost at 1 January	557,141	644,052	1,201,193
Additions	0	132,745	132,745
<b>Cost at 31 December</b>	<b>557,141</b>	<b>776,797</b>	<b>1,333,938</b>
<b>Depreciations</b>			
Depreciations at 1 January	553,291	594,841	1,148,132
Depreciations for the year	3,850	40,817	44,667
<b>Depreciations at 31 December</b>	<b>557,141</b>	<b>635,658</b>	<b>1,192,799</b>
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>141,139</b>	<b>141,139</b>

## 8. Investments

	<b>Investments in group enterprises kr.</b>
<b>Cost</b>	
Cost at 1 January	81,799
<b>Cost at 31 December</b>	<b>81,799</b>
<b>Net revaluation</b>	
Net revaluation at 1 January	207,295
Net share of profit for the year	85,997
Exchange adjustments	-5,000
<b>Net revaluation at 31 December</b>	<b>288,292</b>
<b>Carrying amount at 31 December</b>	<b>370,091</b>

Investments in group enterprises include:

<b>Name, legal form and homeplace</b>	<b>Ownership</b>	<b>Equity</b>	<b>Net profit</b>	<b>Carring amount</b>
Pro-face Sweden AB, Malmö	100%	370,091	80,997	370,091
		370,091	80,997	370,091

## 9. Total equity

	<b>Equity at 1 January</b>	<b>Proposed distribution of profit</b>	<b>Equity at 31 December</b>
	<b>kr.</b>	<b>kr.</b>	<b>kr.</b>
Share Premium	130,000	0	130,000
Retained earnings	207,295	80,997	288,292
Retained earnings	1,011,530	345,988	1,357,518
	<b>1,348,825</b>	<b>426,985</b>	<b>1,775,810</b>

## 10. Short-term liabilities other than provisions, gross

<b>Payables to group enterprises</b>	<b>2014</b>	<b>2013</b>
	<b>kr.</b>	<b>kr.</b>
Payables Pro-face Sweden AB	11,610	0
Payables Pro-face Europe B.V.	2,401,588	3,210,352
	<u>2,413,198</u>	<u>3,210,352</u>

## 11. Disclosure of contingent liabilities

### Contingent liabilities

#### Lease commitments

The Company has entered operating lease contracts with an average annual lease payment of TDKK 596. The lease contracts have at the end of this financial year a residual maturity of up to 23 months. The total remaining lease obligation represents TDKK 556.

#### Pledging and collateral

The Group's companies have unlimited liability and severally liable for withholding taxes on dividends, interest and royalties in the joint taxation and corporation tax of consolidated taxable income.

The total accrued income tax is shown in the annual report for Schneider Nordic Baltic A/S, which is the management company in relation to the joint taxation.