Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33963556
City Tower, Værkmestergade 2
8000 Aarhus C

Phone 89 41 41 41
Fax 89 41 42 43
www.deloitte.dk

KR electronics Holding ApS
Central Business Registration No 31501547

Annual report 2014/15

The Annual General Meeting adopted the annual report on 22.09.2015

Chairman of the General Meeting

Name: Claus Berner Nielsen

Contents

Entity details

Company

KR electronics Holding ApS
Lerbakken 10
8410 Rønde

Central Business Registration No: 31501547
Registered in: Rønde
Financial year: 01.07.2014 - 30.06.2015

Board of Directors

Kim Thomas Rasmussen , Chairman
Claus Berner Nielsen

Executive Board

Claus Berner Nielsen, Chief Executive Officer

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of KR electronics Holding ApS for the financial year 01.07.2014 - 30.06.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2015 and of the results of its operations and cash flows for the financial year 01.07.2014 - 30.06.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Rønde, 22.09.2015

Executive Board

Claus Berner Nielsen
Chief Executive Officer

Board of Directors

Kim Thomas Rasmussen
Chairman

Claus Berner Nielsen

Independent auditor's reports

To the owners of KR electronics Holding ApS
Report on the financial statements

We have audited the consolidated financial statements and parent financial statements of KR electronics Holding ApS for the financial year 01.07.2014 - 30.06.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent 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 consolidated financial statements and parent 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 consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent 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 consolidated financial statements and parent 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 Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.06.2015, and of the results of their operations and the Group's cash flows for the financial year 01.07.2014 - 30.06.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Aarhus, 22.09.2015

Deloitte
Statsautoriseret Revisionspartnerselskab

Klaus Tvede-Jensen
State Authorised Public Accountant

Henrik Brorsbøl Jakobsen
State Authorised Public Accountant

Management commentary

	2014/15 DKK'000	2013/14 DKK'000	2012/13 DKK'000	2011/12 DKK'000	2010/11 DKK'000
Financial highlights					
Key figures					
Revenue	267.002	252.218	243.171	248.592	221.447
Gross profit/loss	147.437	138.599	131.140	137.954	121.617
Operating profit/loss	36.324	32.983	32.192	39.418	34.953
Net financials	10.245	317	(1.005)	2.323	(5.888)
Profit/loss for the year	36.460	25.739	25.287	30.760	18.550
Total assets	318.621	279.034	257.712	243.093	222.945
Investments in property, plant and equipment	7.150	7.296	9.124	11.255	25.793
Equity	230.903	199.348	175.043	162.530	138.407
Ratios					
Return on equity (%)	16,9	13,7	15,0	20,4	14,4
Profit margin	13,6	13,1	13,2	15,9	15,8
Equity ratio	72,2	71,4	67,9	66,9	62,1

Management commentary

Primary activities

The Group develops, produces and sells electronic components. Development and production takes place in PR electronics A/S, whereas the Group's products are sold through its foreign sales subsidiaries and independent distributors as well as from PR electronics A/S directly.

Development in activities and finances

Revenue for the year amounts to DKK 267,002k against DKK 252,218k last year. The increase, which corresponds to 6%, is geographically broad-based, however, is primarily driven by the Group's subsidiaries in the UK, USA, Spain and China as well as distributors. Likewise, the Group's newly opened subsidiary in Belgium contributes positively to the revenue growth. A challenging market environment in Italy and France resulted in a negative growth contribution from the Group's French and Italian subsidiaries.

From a product view, Temperature and Ex-Interface products are the primary growth drivers.

Other external expenses and staff costs increase combined by 6% reflecting increased marketing activities outside Denmark and more employees primarily in the sales organization outside Denmark.

The profit for the year increased from DKK 25,739k in 2013/2014 to DKK 36,460k in 2014/2015. The increase in profit for the year reflects the increase in revenue and financial income partly offset by higher other external expenses and staff costs.

The profit for the year is regarded as satisfactory considering the investments made to contribute to enhanced profitability in the long term. The Group constantly takes steps and makes adjustments to ensure that its strategy plan for growth in revenue and profitability is met.

Outlook

Founded in a continuously wider high-quality product range, increased activities to create market awareness and a larger sales force, the Group expects to continue its growth path. Increased profitability is expected through continued optimization of the Group's internal value chains, including purchasing and production optimizations.

The Group expects that order intake, revenue and profit for 2015/2016 will be at a higher level than in 2014/2015.

Research and development activities

Research and development activities are carried out in PR electronics A/S. The activities primarily comprise development of modules for electronic signal conditioning and related products.

Management commentary

Approx. 9% of revenue for the year is spent on research and development activities of which DKK 22.4m has been recognized under intangible assets.

For the next financial year, the Group expects that resources used for research and development activities will remain at the same level as in 2014/2015.

Other financial matters

The Group is strongly focused on financial management, including continuous assessment and hedging of the Group's trading risks and financial risks, etc.

Business risks

The markets, in which the Group operates, are mainly product-driven. Therefore, the Group's efforts in the research and development area contribute to securing the Group's long-term market position. Consequently, it is important to retain and further enhance the Group's innovative potential and to be able to attract the best-qualified candidates.

Product risks mainly relate to delays in launch of new products. The Group has focus on all parts of the product development and launch processes in order to minimize this risk. The Group's supply chain is constantly monitored and policies ensure availability of minimum inventory levels to avoid adverse consequences of short and medium term interruptions of the supply chain. Finally, significant resources are spent to protect inventions through patents and the Group continuously develop and maintain its competences in this area.

Financial risks

As a result of its operations, investments and financing, the Group is exposed to changes in exchange rates and interest levels. The Group manages the financial risks centrally and has a central coordination of the Group's cash management, including capital procurement and investment of excess liquidity.

Foreign exchange risks

Foreign exchange risks are primarily hedged by means of matching of payments received and made in the same currency and by means of forward exchange contracts.

Credit risks

Credit risks related to financial assets correspond to the values recognized in the balance sheet. The Group does not have any material risks relating to a single customer or cooperative partner. According to the Group's policy for assuming credit risks, all major customers and other cooperative partners are credit rated on an ongoing basis.

According to the Group's policy, capital procurement as well as investment of surplus liquidity shall be managed centrally by PR electronics A/S.

Management commentary

Interest risks
It is the Group's policy to hedge interest rate risks on Group loans if it is assessed that such interest payments can be ensured at a satisfactory level compared to the related costs. At present, the Group has limited debt compared to its activity level.

Liquidity risks
The Group has policies stipulating availability of minimum cash resources, which the Group must have at its disposal at any time.

Management and employees
The average number of employees (converted into full-time employees) was 199 in 2014/2015 (194 in 2013/2014). The increase mainly reflects an increase in the number of employees in the sales force in line with the sales strategy.

Knowledge resources
The Group's strategic objective of continued growth in revenue and profit requires maintenance of a high level of innovation through a flexible and knowledge-based organization. This is a sustained process, which is facilitated through the implementation of educational plans, encouragement to cooperation and by inspiring employees to take responsibility.

Maintenance of the Group's leading technology edge requires core competencies amongst others within effective project management, hardware design of analogue and digital electronics, design of solid and high-efficient embedded software as well as development of advanced signal conditioning algorithms. Furthermore, outstanding product quality and productivity of new products requires core competencies within development of high-precision calibration equipment and end test equipment with high production efficiency.

In order to maintain a leading edge in the development of new innovative technologies and products, the Group cooperates with a number of external consultants as well as design and development companies.

Corporate social responsibility

Corporate social responsibility policies

Environmental performance
The risk of negative impact on the external environment is low for the Group as only small quantities of dangerous substances is used in the production process. The Group is certified according to the DS/EN ISO 14001:2004 standard and has continuous focus on minimizing our environmental footprint.

Management commentary

Health and safety at work

The Group takes responsibility for the working environment and focus on the health of its employees. The working environment complies with the highest national standards, and the Group focuses on being a healthy work place for the well-being of its employees.

Society

The Group consents with the 10 UN Global Compact Principles in its day-to-day business operations and has particular focus on maintaining compliance with human rights, labour rights and anti-corruption laws and regulations.

Events after the balance sheet date

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

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The acconting policies applied for this consolidated financia statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as financial income or financial expenses.

Consolidated financial statements

The consolidated financial statements comprise KR electronics Holding ApS (Parent) and the enterprises (group enterprises) that are controlled by the Parent, see note 7 to the consolidated statements. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of KR electronics Holding ApS and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as prof-

Accounting policies

its and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Jointly controlled enterprises are recognised in the consolidated financial statements on a pro rata basis. The items in the jointly controlled enterprise is recognised based on the ownership interest of the enterprise.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. 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. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Fixed assets purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange rate differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Company's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises costs incurred for sales for the year measured at cost.

Other external expenses

Other external expenses include expenses of distribution, sales, advertising, administration, premises, bad debts, etc.

Other external expenses also include development costs settled (including licenses) for the use of the right to market products.

Staff costs

Staff costs include wages and salaries as well as social costs, pensions, etc for the Company's staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment as well as intangible assets comprise amortisation, depreciation and impairment losses for the year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment as well as intangible assets.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

Tax for the year, which consists of tax surcharge and repayment under the Danish Tax Prepayment Scheme, current tax for the year and changes in deferred tax, are recognised in the income statement by the portion at-

Accounting policies

tributable to the profit/loss for the year and recognised directly on equity by the portion attributable to entries directly on equity

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

Deferred tax is recognised and measured according to the balance-sheet liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Accounting policies

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Other intangible assets are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of other intangible assets are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to amortisation and impairment losses, or under other operating income if the selling price exceeds original cost.

Property, plant and equipment

Land and buildings, other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Plant and machinery	5-10 years
Other fixtures and fittings, etc	3-5 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

Investments in group enterprises

Investments in subsidiaries and associates are recognised and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or less unamortised positive, or negative, goodwill and plus or less unrealised intra-group profits or losses.

Accounting policies

The Company's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and less or plus amortisation of positive, or negative, goodwill is recognised in the income statement.

Subsidiaries and associates with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of investments in subsidiaries and associates is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost.

The purchase method is applied in the acquisition of subsidiaries; see above description under consolidated financial statements.

Goodwill on consolidation is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. The amortisation period for goodwill on consolidation is ten years.

Investments in subsidiaries and associates are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Other investments

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

Inventories

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

Cost of goods for resale comprises cost plus delivery costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation and impairment losses on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Accounting policies

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost, which is usually nominal value.

Other investments

Securities recognised under current assets comprise listed bonds and investments measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividends are recognised as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item in equity.

Minority interests

Minority interests consist of non-controlling interests share of equity in subsidiaries not 100% owned by the parent company.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to re-taxation of previously deducted losses of foreign subsidiaries is recognised based on a specific assessment of the purpose of the individual subsidiary,

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructurings, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Accounting policies

Mortgage debt
At the time of borrowing, mortgage debt is measured at cost which corresponds to the proceeds received less transaction costs incurred. The mortgage debt is subsequently measured at amortised cost which corresponds to the capitalised value applying the effective interest method.

Other financial liabilities
Other financial liabilities are recognised at amortised cost which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement
The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows to acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and activities as well as purchase and sale, etc of intangible assets and property, plant and equipment and assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the Parent's share capital and related costs as well as the raising of loans, instalments on interest-bearing debt and payment of dividends.

Cash and cash equivalents comprise cash less short-term bank debt.

Accounting policies

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios are calculated as follows:

Ratios	Calculation formula	Ratios reflect
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Profit margin	$\frac{\text{EBIT x 100}}{\text{Revenue}}$	The Entity's profitability
Equity ratio	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the Entity.

Consolidated income statement for 2014/15

	Notes	2014/15 DKK'000	2013/14 DKK'000
Revenue		267.002	252.218
Other operating income		211	12
Cost of sales		(68.051)	(65.913)
Other external expenses		(51.725)	(47.718)
Gross profit/loss		**147.437**	**138.599**
Staff costs	1	(93.887)	(89.016)
Depreciation, amortisation and impairment losses	2	(17.226)	(16.600)
Operating profit/loss		**36.324**	**32.983**
Other financial income		10.792	2.080
Other financial expenses		(547)	(1.763)
Profit/loss from ordinary activities before tax		**46.569**	**33.300**
Tax on profit/loss from ordinary activities	3	(10.109)	(7.561)
Profit/loss for the year		**36.460**	**25.739**

Proposed distribution of profit/loss			
Dividend for the financial year		0	2.400
Retained earnings		36.460	23.339
		36.460	25.739

Consolidated balance sheet at 30.06.2015

	Notes	2014/15 DKK'000	2013/14 DKK'000
Completed development projects		27.980	32.056
Acquired patents		1.155	0
Development projects in progress		25.477	9.443
Intangible assets	4	**54.612**	**41.499**
Land and buildings		77.058	78.310
Plant and machinery		6.967	5.639
Other fixtures and fittings, tools and equipment		6.211	6.381
Property, plant and equipment in progress		483	300
Property, plant and equipment	5	**90.719**	**90.630**
Other investments		34	31
Other receivables		648	470
Fixed asset investments	6	**682**	**501**
Fixed assets		**146.013**	**132.630**
Raw materials and consumables		18.766	13.692
Work in progress		4.596	4.224
Manufactured goods and goods for resale		5.484	4.556
Inventories		**28.846**	**22.472**
Trade receivables		44.556	41.320
Other short-term receivables		6.428	5.239
Prepayments	8	1.942	1.805
Receivables		**52.926**	**48.364**
Other investments		10.613	8.233
Other investments		**10.613**	**8.233**
Cash		**80.223**	**67.335**
Current assets		**172.608**	**146.404**
Assets		**318.621**	**279.034**

Consolidated balance sheet at 30.06.2015

	Notes	2014/15 DKK'000	2013/14 DKK'000
Contributed capital		125	125
Retained earnings		230.778	196.823
Proposed dividend		0	2.400
Equity		**230.903**	**199.348**
Minority interests	9	**100**	**100**
Provisions for deferred tax		16.802	13.765
Other provisions		1.067	0
Provisions		**17.869**	**13.765**
Mortgage debts		16.543	18.306
Non-current liabilities other than provisions	10	**16.543**	**18.306**
Current portion of long-term liabilities other than provisions	10	1.934	1.703
Prepayments received from customers		295	96
Trade payables		17.289	15.040
Income tax payable		6.031	5.180
Other payables		27.657	25.496
Current liabilities other than provisions		**53.206**	**47.515**
Liabilities other than provisions		**69.749**	**65.821**
Equity and liabilities		**318.621**	**279.034**
Subsidiaries	7		
Mortgages and securities	12		
Related parties	13		

Consolidated statement of changes in equity for 2014/15

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	125	196.823	2.400	199.348
Ordinary dividend paid	0	0	(2.400)	(2.400)
Exchange rate adjustments	0	(2.505)	0	(2.505)
Profit/loss for the year	0	36.460	0	36.460
Equity end of year	**125**	**230.778**	**0**	**230.903**

Consolidated cash flow statement for 2014/15

	Notes	2014/15 DKK'000	2013/14 DKK'000
Operating profit/loss		36.324	32.983
Amortisation, depreciation and impairment losses		17.226	16.600
Working capital changes	11	2.093	(2.048)
Cash flow from ordinary operating activities		**55.643**	**47.535**
Financial income received		747	214
Financial income paid		(547)	(588)
Income taxes refunded/(paid)		(6.221)	(5.702)
Cash flows from operating activities		**49.622**	**41.459**
Acquisition etc of intangible assets		(23.562)	(12.463)
Acquisition etc of property, plant and equipment		(7.150)	(7.296)
Sale of property, plant and equipment		290	200
Cash flows from investing activities		**(30.422)**	**(19.559)**
Instalments on loans etc		(1.532)	(1.664)
Dividend paid		(2.400)	(2.400)
Cash flows from financing activities		**(3.932)**	**(4.064)**
Increase/decrease in cash and cash equivalents		**15.268**	**17.836**
Cash and cash equivalents beginning of year		75.568	57.732
Cash and cash equivalents end of year		**90.836**	**75.568**

Notes to consolidated financial statements

1. Staff costs

	2014/15 DKK'000	2013/14 DKK'000
Wages and salaries	75.898	71.863
Pension costs	5.661	5.452
Other social security costs	7.809	7.292
Other staff costs	4.519	4.409
	93.887	89.016
Average number of employees	199	194

	Remuneration of management 2014/15 DKK'000	Remuneration of management 2013/14 DKK'000
Executive Board	6.240	5.718
Board of Directors	50	50
	6.290	5.768

2. Depreciation, amortisation and impairment losses

	2014/15 DKK'000	2013/14 DKK'000
Amortisation of intangible assets	10.449	10.175
Depreciation of property, plant and equipment	6.946	6.497
Profit/loss from sale of intangible assets and property, plant and equipment	(169)	(72)
	17.226	16.600

3. Tax on ordinary profit/loss for the year

	2014/15 DKK'000	2013/14 DKK'000
Tax on current year taxable income	7.699	6.930
Change in deferred tax for the year	3.206	631
Adjustment concerning previous years	(796)	0
	10.109	7.561

Notes to consolidated financial statements

4. Intangible assets

	Completed development projects DKK'000	Acquired patents DKK'000	Development projects in progress DKK'000
Cost beginning of year	65.938	0	9.443
Transfer to and from other items	6.373	0	(6.373)
Additions	0	1.155	22.407
Cost end of year	**72.311**	**1.155**	**25.477**
Amortisation and impairment losses beginning of year	(33.882)	0	0
Amortisation for the year	(10.449)	0	0
Amortisation and impairment losses end of year	**(44.331)**	**0**	**0**
Carrying amount end of year	**27.980**	**1.155**	**25.477**

5. Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	93.293	36.819	14.040	300
Exchange rate adjustments	2	0	50	0
Transfer to and from other items	0	0	300	(300)
Additions	755	3.717	2.195	483
Disposals	(53)	(499)	(3.022)	0
Cost end of year	**93.997**	**40.037**	**13.563**	**483**
Depreciation and impairment losses beginning of the year	(14.983)	(31.180)	(7.659)	0
Exchange rate adjustments	0	0	(46)	0
Reversal of impairment losses	3	0	0	0
Depreciation for the year	(1.959)	(2.386)	(2.601)	0
Reversal regarding disposals	0	496	2.954	0
Depreciation and impairment losses end of the year	**(16.939)**	**(33.070)**	**(7.352)**	**0**
Carrying amount end of year	**77.058**	**6.967**	**6.211**	**483**

Notes to consolidated financial statements

6. Fixed asset investments

Fixed asset investments consist primarily of deposits on leases (other receivables).

7. Subsidiaries

	Registered in	Corporate form	Equity interest %
PR electronics Holding ApS	Denmark	ApS	100,0
PR electronics A/S	Denmark	A/S	95,0
PR electronics Sarl	France	Sarl	95,0
PR electronics AB	Sweden	AB	95,0
PR electronics SrL	Italy	SrL	95,0
PR electronics GmbH	Germany	GmbH	95,0
PR electronics S.L.	Spain	S.L.	95,0
PR electronics Inc.	USA	Inc.	95,0
PR electronics Ltd.	China	Ltd.	95,0
PR electronics UK, Ltd.	Scotland	Ltd.	95,0
PR electronics Lyon Sci	France	Sci	95,0
PR electronics BVBA	Belgium	BVBA	95,0
PR Invest, Rønde ApS	Denmark	ApS	70,0

8. Prepayments

Prepayments cover substantially prepaid insurance, licenses, lease payments, etc.

9. Minority interests

	2014/15 DKK'000	2013/14 DKK'000
Minority interests at 01.07.2014	100	100
Addition and disposal	0	0
Share of profit/loss for the year	0	0
Minority interests at 30.06.2015	**100**	**100**

Notes to consolidated financial statements

	Instalments within 12 months 2014/15 DKK'000	Instalments within 12 months 2013/14 DKK'000	Instalments beyond 12 months 2014/15 DKK'000
10. Long-term liabilities other than provisions			
Mortgage debts	1.934	1.703	16.543
	1.934	**1.703**	**16.543**

	2014/15 DKK'000	2013/14 DKK'000
11. Change in working capital		
Other changes	2.093	(2.048)
	2.093	**(2.048)**

12. Mortgages and securities

Operating leases

The subsidiaries have entered into a number of operating leases. The leases have an average remaining term of 30 months and a total residual lease payment of DKK 9,724k (2013/14:DKK 8,280k).

Except this, the Group has no guarantee commitments or contingent liabilities apart from guarantees relating to the Group's normal activities.

13. Related parties

Related parties with a controlling interest in the KR electronics Holding ApS Group:

Kim Thomas Rasmussen, Domaine du Colombier 166, allée des acacias 06250 Mougins, France, (principal shareholder)

Parent income statement for 2014/15

	Notes	2014/15 DKK'000	2013/14 DKK'000
Other external expenses		(418)	(11)
Operating profit/loss		**(418)**	**(11)**
Income from investments in group enterprises		34.019	24.278
Other financial income	1	2.568	2.040
Other financial expenses	2	0	(96)
Profit/loss from ordinary activities before tax		**36.169**	**26.211**
Tax on profit/loss from ordinary activities	3	291	(472)
Profit/loss for the year		**36.460**	**25.739**

Proposed distribution of profit/loss			
Dividend for the financial year		0	2.400
Reserve for net revaluation according to the equity method		34.019	24.278
Retained earnings		2.441	(939)
		36.460	25.739

Parent balance sheet at 30.06.2015

	Notes	2014/15 DKK'000	2013/14 DKK'000
Investments in group enterprises		220.271	190.855
Fixed asset investments	4	**220.271**	**190.855**
Fixed assets		**220.271**	**190.855**
Receivables from group enterprises		0	709
Receivables		**0**	**709**
Other investments		10.613	8.233
Other investments		**10.613**	**8.233**
Cash		**488**	**1.048**
Current assets		**11.101**	**9.990**
Assets		**231.372**	**200.845**

Parent balance sheet at 30.06.2015

	Notes	2014/15 DKK'000	2013/14 DKK'000
Contributed capital		125	125
Reserve for net revaluation according to the equity method		128.110	80.174
Retained earnings		102.668	116.649
Proposed dividend		0	2.400
Equity		**230.903**	**199.348**
Income tax payable		458	1.486
Other payables		11	11
Current liabilities other than provisions		**469**	**1.497**
Liabilities other than provisions		**469**	**1.497**
Equity and liabilities		**231.372**	**200.845**
Contingent liabilities	5		
Ownership	6		

Parent statement of changes in equity for 2014/15

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	125	80.174	116.649	2.400
Ordinary dividend paid	0	(108.684)	108.684	(2.400)
Exchange rate adjustments	0	(2.505)	0	0
Other adjustments	0	125.106	(125.106)	0
Profit/loss for the year	0	34.019	2.441	0
Equity end of year	**125**	**128.110**	**102.668**	**0**

	Total DKK'000
Equity beginning of year	199.348
Ordinary dividend paid	(2.400)
Exchange rate adjustments	(2.505)
Other adjustments	0
Profit/loss for the year	36.460
Equity end of year	**230.903**

Notes to parent financial statements

1. Other financial income

	2014/15 DKK'000	2013/14 DKK'000
Financial income arising from group enterprises	0	59
Other financial income	2.568	1.981
	2.568	**2.040**

2. Other financial expenses

	2014/15 DKK'000	2013/14 DKK'000
Other financial expenses	0	96
	0	**96**

3. Tax on ordinary profit/loss for the year

	2014/15 DKK'000	2013/14 DKK'000
Tax on current year taxable income	505	472
Adjustment concerning previous years	(796)	0
	(291)	**472**

4. Fixed asset investments

	Investments in group enterprises DKK'000
Cost beginning of year	110.681
Transfer to and from other items	(105.253)
Additions	86.733
Cost end of year	**92.161**
Revaluations beginning of year	80.174
Exchange rate adjustments	(2.505)
Share of profit/loss for the year	34.019
Dividend	(108.684)
Other adjustments	125.106
Revaluations end of year	**128.110**
Carrying amount end of year	**220.271**

5. Contingent liabilities

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial

Notes to parent financial statements

year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

6. Ownership

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

Kim Thomas Rasmussen, Domaine du Colombier 166, allée des acacias 06250 Mougins, France.