

**SOMMER Antriebs- und
Funktechnik GmbH**
Kirchheim unter Teck

Balance sheet as of December 31, 2016

**Income statement
from January 1 to December 31, 2016**

Notes to the financial statements 2016

and

Auditor's Report 2016

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COMPANIES HOUSE

Sommer Antriebs- und Funktechnik GmbH, Kirchheim unter Teck
Balance sheet as of December 31, 2018

ASSETS	EUR	Dec 31, 2018	Dec 31, 2017	EQUITY AND LIABILITIES	EUR	Dec 31, 2018	Dec 31, 2017
		EUR	EUR			EUR	EUR
A. Fixed assets				A. Equity			
I. Intangible assets				1. Subscribed capital	2 000 000,00		2 000 000,00
1. Self-created non-valuable property rights and similar rights and values	2 271 524,48		2 741 634,27	2. Capital reserve	171 824,38		171 824,38
2. Purchased property rights, patents, licenses and similar rights and values	134 175,00		104 813,00	3. Profit carried forward	9 234 894,71		8 640 242,46
		2 405 699,48	2 846 447,27	4. Annual profit	1 481,17	17 684 469,77	12 589 898,00
II. Tangible assets				B. Liabilities			
1. Land and buildings, fixtures and equipment	3 102 172,17		3 286 424,14	1. Accounts payable	1 970,35		5 484 220,00
2. Machinery and technical equipment	5,00		5,00	2. Tax liabilities	0,00		74 507,00
3. Other equipment, plant and office equipment	627 776,96		644 740,00	3. Other liabilities	1 676 420,00	2 686 390,33	1 354 200,00
4. Payments on account of assets under construction	188 564,48		513 839,08				
		4 918 518,61	5 467 908,22	C. Liabilities			
III. Financial assets				1. Liabilities to banks	1 658 250,00		12 336 890,38
1. Shares in a limited company	6 271 184,99		6 555 84,89	2. Trade payables	3 432 515,24		3 475 025,15
2. Other participations	527 520,00		520,00	3. Liabilities to shareholders	2 271 907,97		2 138 000,73
3. Other loans	0,00		0,00	4. Other liabilities	336 484,71		2 328 098,18
		7 800 705,60	7 881 205,00	5. Other liabilities			
B. Current assets				6. Other liabilities		26 699 133,48	18 648 555,44
I. Inventories				D. Deferred tax liabilities			
1. Raw materials and supplies	4 266 439,07		1 484 266,73		5 2 200,00		661 561,00
2. Work in process	387 050,32		340 677,57				
3. Goods	1 000 000,00		1 000 000,00				
4. Payments on account	68 397,88		467 584,66				
5. Payments received on account of orders	40 000,00		745 000,00				
		6 101 887,27	5 137 468,96				
II. Receivables and other assets							
1. Trade receivables	2 853 106,46		2 84 314,32				
2. Receivables from affiliated companies	2 361 804,89		9 684 738,17				
3. Other assets	1 180 658,65		848 565,45				
		6 395 569,99	12 377 617,04				
III. Cash-in-hand and bank balances							
		364 874,26	73 199,58				
C. Prepaid expenses							
		4,152,85	19 784,74				
		16 507 223,86	16 158 273,64			16 507 223,86	16 158 273,64

Registered in the Commercial Register
 Register Number HRB 123456

Balance sheet remarks:
 Company is a subsidiary of the parent company Sommer Antriebs- und Funktechnik GmbH, Kirchheim unter Teck

Sommer Antriebs- und Funktechnik GmbH, Kirchheim unter Teck

**Income statement
from January 1 to December 31, 2016**

	EUR	2016 EUR	2015 EUR
1. Revenue (Sales)		44 393.194,34	39.745.143,58
2. Increase (p y decrease) in finished goods inventories and work in process		83.198,23	-448.336,49
3. Other own work capitalized		0,00	38 753,75
		<u>44 476.392,57</u>	<u>39.335 560,84</u>
4. Other operating income		271.670,46	1.596 198,88
5. Cost of materials			
a) Costs of raw materials, consumables and supplies and purchased merchandise	25 245.814,06		22.906.982,06
b) Cost of purchased services	<u>219 565,12</u>		<u>585.957,69</u>
		25 465 379,18	23 492 939,75
6. Personnel cost			
a) Wages and salaries	8.828 007,32		8 256.504,48
b) Social security and other pension costs - of which in respect of old age pension EUR 135,097 78 (p y TEUR 334)	<u>1 473 274,24</u>		<u>1 558 620,26</u>
		10 301.281,56	9 815 124,74
7. Depreciation of intangible fixed assets and tangible assets	1 595.587,62		1 143 893,49
8. Other operating expenses	<u>8.880 712,81</u>		<u>7 184 349,88</u>
		10 476 300,43	8 328.243,37
9. Income from participations - of which from affiliated companies EUR 2,000,000,00 (Vj TEUR 2 112)	2.090 000,00		2 202 000,00
10. Income from other securities and loans forming part of financial assets	20,25		27,50
11. Other interest and similar income - of which from affiliated companies EUR 30,157 18 (p y. TEUR 26)	76.929,57		34 558,48
12. Interest and other similar expenses of which from - affiliated companies EUR 6,730.26 (p y. TEUR 17) - shareholders EUR 50,200 71 (p y TEUR 35)	693 759,07		701 401,20
13. Financial result		<u>1 473.190,75</u>	<u>1.535.184,78</u>
Result from ordinary activities			830.636,64
14. Extraordinary expenses			231 261,85
15. Taxes on income - of which from deferred taxes EUR 149,500 00 (p y TEUR 159)		-148 493,12	-182 680,85
16. Net operating profit after taxes		<u>126.785,73</u>	
17. Other Taxes		11 974,56	27 439,41
18. Net income		<u>114.811,17</u>	<u>754.616,23</u>

Notes to the financial statements 2016

General information

SOMMER Antriebs- und Funktechnik GmbH domiciled in Kirchheim unter Teck and is incorporated in the Register of Companies maintained by the local civil Court Stuttgart under HRB No. 230476.

These annual accounts have been generated in accordance with §§ 242 ff. and §§ 264 ff. of the German Commercial Code (HGB), as well as the valid provisions of limited liability company law (GmbHG) and the articles of association. The provisions for medium-sized limited liability companies apply.

The income statement has been prepared using the total cost method.

We have consolidated the individual items on the balance sheet and the profit and loss account, and therefore listed and explained these in this attachment. For the same reason, the information on the allocation to other items on the balance sheet is also provided here.

Lack of comparability of revenues (sales) due to BilRUG

Based on the new definition of the revenues (sales) in § 277 section 1 HGB in the version of BilRUG, the revenues expanded considerably. As a result they are no longer comparable with the prior year. If § 277 section 1 HGB in the new version had been applied in 2015 the revenues amounted to TEUR 40.946.

There is no significant impact on trade receivables because of the new definition of revenues (sales) in § 277 section 1 HGB in the version of BilRUG.

Balancing and valuation methods

The following accounting and valuation methods were once again decisive for the generation of the annual accounts.

The allowed alternative treatment to recognize **internally generated intangible assets** on the balance sheet according to § 248 section 2 HGB was applied until the end of 2013. The capitalization was valued on absorbed cost basis. From 2014, no capitalisation of new developments has taken place. Internally generated intangible assets are amortized on a linear basis.

● **Intangible assets acquired through purchase** and **fixed assets** have been valued at acquisition or production cost with consideration to amortisation. Planned amortisation has been applied on a linear basis.

Inventories have been valued at acquisition or production cost. The principle lower of cost or market has been taken into account. Production costs include direct costs plus reasonable indirect costs. Devaluations for inventory and distribution risks as well as risks resulting from the duration of storage and diminished usability are made in an appropriate and sufficient scope.

Receivables and **other assets** were stated at their nominal value less appropriate write-downs for the general credit risk.

● **Prepaid expenses** were posted for payments within the fiscal year if they relate to a period after the balance sheet date.

The **subscribed capital** is stated at the nominal value and is fully paid up.

Accruals for pension are determined by an expert opinion on basis of Prof. Dr. Klaus Heubeck's 2005G guideline tables. They are largely calculated according to the projected unit credit method. Under the assumption that there is no salary, development the discounting interest rate applied to German companies is 4.01%.

Tax accruals are assessed at the fulfilment value estimated cautiously according to commercial evaluation.

Other accruals are assessed with the fulfilment value estimated cautiously according to commercial evaluation under consideration of all identifiable risks. Accruals with a remaining term of over one year are discounted applying market interest rates according to § 253 section 2 HGB.

Liabilities were stated at their settlement value.

Transactions in **foreign currency** were translated at the relevant exchange rates at the transaction date. Foreign currency receivables and liabilities with a remaining term of less than one year are translated affecting net income at the average rate of exchange for spot delivery on the balance sheet date. In cases with a remaining term of over one year potential exchange losses were taken into account on the balance sheet date. Gains and losses from currency translation are recognized in the income statement in the item "other operating income" respectively "other operating expenses".

Deferred taxes

As of the balance sheet date, there were taxable temporary differences due to deviation in valuation and assessment of other accruals. The resulting tax reduction and tax burden in the fiscal year was capitalized in accordance to the allowed alternative treatment in § 274 HGB. The deferred taxes are valued on basis of the valid individual tax rate that will be effective at the time at which the temporary differences are predicted to turn around, amounting to 30%

Explanations to the balance sheet

Fixed assets

Amounts barred from distribution

Amounts barred from distribution in accordance with § 268 section 8 HGB arise due to the capitalisation of deferred taxes amounting to 144,100.00 (previous year TEUR 161), which were to be formed due to differences between various valuation approaches in the commercial and the tax balance sheet on the balance sheet date. In 2016, the amount was offset against the deferred tax liabilities according to § 274 section 1 clause 3. Furthermore, amounts barred from distribution of EUR 1,530,925.46 (previous year TEUR 2,080) arise due to the capitalisation of internally generated intangible assets amounting to EUR 2,186,925.46 (previous year TEUR 2,742) less the deferred taxes owing on this of EUR 656,000.00 (previous year TEUR 823).

Internally generated **intangible assets** are valued with internal and external manufacturing costs and amortised on a linear basis over four years according to their expected useful lives. Within the framework of the application of § 248 section 2 HGB, during the calendar year internal and external manufacturing costs for developments, amounting to EUR 167,823.14 (previous year TEUR 343), were capitalised against existing projects. From 2014, no capitalisation of new developments has taken place.

Intangible assets acquired through purchase and fixed assets have been valued at acquisition or production cost with consideration to amortisation. Planned amortisation has been applied on a linear basis. Low-value assets were fully depreciated in the year of purchase.

The development of the individual fixed asset items is presented in the asset analysis together with the amortisation in the financial year.

		Cost		Reclassi- fications		Cumulative Amortization				Net book value	
	01 01 2016 EUR	Additions EUR	Disposals EUR		31 12 2016 EUR	01 01 2016 EUR	Additions EUR	Disposals EUR	31 12 2016 EUR	31 12 2016 EUR	31 12 2015 EUR
I. Intangible assets											
1 Self-created industrial property rights and similar rights and values	3 545 373,16	167 823,14	0,00	30 323,25	3 743 519,55	803 689,04	752 905,05	0,00	1 556 594,09	2 186 925,46	2 741 684,12
2 Industrial property rights, patents licenses and similar rights and values	2 562 938,94	3 392,67	53 642,40	149 009,80	2 661 699,01	2 458 105,94	69 331,20	96,13	2 527 323,01	134 376,00	104 833,00
	<u>6 108 312,10</u>	<u>171 215,81</u>	<u>53 642,40</u>	<u>179 333,05</u>	<u>6 405 218,56</u>	<u>3 261 794,98</u>	<u>822 218,25</u>	<u>96,13</u>	<u>4 083 917,10</u>	<u>2 321 301,46</u>	<u>2 846 517,12</u>
II. Tangible assets											
1 Land and buildings including buildings on third party land	5 056 639,01	0,00	0,00	0,00	5 056 639,01	1 770 214,87	133 752,00	0,00	1 903 966,87	3 152 672,14	3 286 424,14
2 Machinery and technical equipment	150 246,90	0,00	0,00	0,00	150 246,90	150 241,90	0,00	0,00	150 241,90	5,00	5,00
3 Other equipment, plant and office equipment	7 862 823,36	272 052,69	121 253,01	330 166,62	8 343 791,86	6 216 077,36	639 617,37	119 679,86	6 738 014,87	1 607 776,99	1 646 746,00
4 Payments on account and assets under construction	533 999,08	191 251,40	17 083,83	-509 501,67	196 664,98	0,00	0,00	0,00	0,00	198 664,98	533 999,08
	<u>13 603 708,35</u>	<u>463 304,29</u>	<u>138 336,84</u>	<u>-179 333,05</u>	<u>13 749 342,75</u>	<u>8 136 534,13</u>	<u>773 369,37</u>	<u>119 679,86</u>	<u>8 790 223,64</u>	<u>4 959 119,11</u>	<u>5 467 174,22</u>
III. Financial assets											
1 Shares in affiliated companies	7 116 982,01	0,00	8 000,00	0,00	7 108 982,01	161 797,02	0,00	0,00	161 797,02	6 947 184,99	6 955 184,99
2 Other participations	927 520,61	0,00	0,00	0,00	927 520,61	0,00	0,00	0,00	0,00	927 520,61	927 520,61
3 Other loans	500,00	0,00	500,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	500,00
	<u>8 045 002,62</u>	<u>0,00</u>	<u>8 500,00</u>	<u>0,00</u>	<u>8 036 502,62</u>	<u>161 797,02</u>	<u>0,00</u>	<u>0,00</u>	<u>161 797,02</u>	<u>7 874 705,60</u>	<u>7 883 205,60</u>
	<u>27 757 023,07</u>	<u>634 520,10</u>	<u>200 479,24</u>	<u>0,00</u>	<u>28 191 063,93</u>	<u>11 560 126,13</u>	<u>1 595 587,62</u>	<u>119 775,99</u>	<u>13 035 937,76</u>	<u>15 155 126,17</u>	<u>16 196 896,94</u>

Research and Development

The total costs of research and development stood at EUR 1,649,852.00 (previous year TEUR 1,450). Of this, development costs of EUR 167,823.14 (previous year TEUR 434) were capitalised.

Information on participating interests

During the financial year, the following participating interests existed:

Name	Domicile	Shareholding	Amount of equity capital TEUR	Result TEUR
SOMMER Kaputechnika KFT	Budapest, Hungary	85.0%	18	-18
SOMMER Automazioni S.R.L.	Trento, Italy	100.0%	418	90
SOMMER Door & Gate Automation U.K.	York, England	100.0%	-484	-315
SOMMER France Sarl	Brumath, France	100.0%	101	6
SOMMER Ges.m.b.H.	Walding, Austria	60.0%	403	158
SOMMER Polska Sp.z.o.o.	Warsaw, Poland	100.0%	194	33
SOMMER Automatismos Espana S.L.	La Garriga/Barcelona, Spain	100.0%	-103	4
Groke Türen und Tore GmbH	Karlsruhe, Germany	100.0%	3,896	1,836
SOMMER Automation and Radio (Shanghai) Co., Ltd.	Shanghai, China	100.0%	711	-43
SOMMER Antriebs- und Funktechnik AG	Sursee, Switzerland	100.0%	567	198
SOMMER USA Inc.	Charlotte/NC, USA	100.0%	14	-237
Doco Holding B.V.	Sittard, Netherlands	100.0%	6,375	228
SOMMER Bau GmbH	Kirchheim, Germany	100.0%	27	1
SG Immobilien GmbH & Co. KG	Kirchheim, Germany	100.0%	-186	-101

Inventories

Direct production costs and calculation rates for indirect material and indirect labour costs were recalculated in the fiscal year 2016. Due to changes in production structures and production processes (e.g. change to a so called One-Piece-Flow) and the long-term maintaining of the previous calculation rates a recalculation was necessary. Also calculation rates for indirect administration costs were formed for the first time. At 31st December 2015 the addition amounted to EUR 75,266.39. In relation to the old valuation systematics the recalculated rates as well as the changes in earnings in the fiscal year 2016 amount to:

	in % based on material costs	in EUR
indirect material costs	0.79%	46,536.62
direct production costs	6.90%	83,015.09
Indirect production costs	71.45%	59,314.28
indirect administration costs	7.74%	<u>169,354.01</u>
		<u>358,220.00</u>

Receivables and other assets

	31.12.2016 TEUR	31.12.2015 TEUR
Receivables from goods and services	2,663	2,184
of which with a residual term of more than one year	(0)	(0)
Receivables from associated companies	12,082	9,695
of which with a residual term of more than one year	(0)	(0)
Other assets	1,190	849
of which with a residual term of more than one year	(9)	(25)
	<u>15,935</u>	<u>12,728</u>

Receivables and other assets of the current assets are applied at their nominal value or at their lower fair value as applicable on the balance sheet date.

Foreign currency items on the asset and liability side have been valued according to the average spot exchange rate on the balance sheet date.

Prepaid expenses

Prepaid expenses have been recorded for processing fees relating to the consortium agreement. The expenses amount to EUR 234,666.67 (previous year TEUR 0).

Development of deferred tax assets

01.01. EUR	Additions EUR	Disposals EUR	Reversal EUR	31.12. EUR
161,000.00	0.00	17,000.00	0.00	144,000.00

Deferred tax assets (EUR 144,000.00) were off set against deferred tax liabilities (EUR 656,000.00). The result after netting amount to EUR 512,000.00 (previous year TEUR 662).

Equity

The profit carried forward amount to EUR 9,394,858.71 (previous year TEUR 8.640).

Accruals for pension obligations

Accruals for pension obligations are determined by an expert opinion in order to meet the requirements of BilMoG on basis of Prof. Dr. Klaus Heubeck's 2005G guideline tables. They are largely calculated according to the projected unit credit method. Concerning the assumption that there is no salary development the discounting interest rate applied to the German companies is 4.01%. The accrual for pension obligations amounts to EUR 1,650,409.00 (previous year TEUR 1.628). The reserved plan asset at fair value basis amounts to EUR 634,438.67 (previous year TEUR 580). According to § 246 section 2 clause 2 HGB reserved plan assets were off set against the pension obligation.

The discounting of the accruals for pension obligations on basis of an average market interest rate for the previous ten years leads to a difference of EUR 237,180.00 compared to a discounting with a discount rate on basis of the average market interest rate for the previous seven years. This amount is barred from distributions according to § 253 section 6 HGB.

Other accruals

The other accruals are primarily formed for:

	%
accruals for warranties	11
accruals provisions	51
accruals for procurement	23
other accruals	15

Summary of liabilities

The remaining terms of liabilities are shown in the summary of liabilities.

Type of liability	Remaining term			Total	
	up to 1 year	1 to 5 years	over 5 years	31.12.2016	31.12.2015
	TEUR	TEUR	TEUR	TEUR	TEUR
1. Liabilities to credit institutes (Previous year)	13,900 (8,649)	920 (3,321)	1,838 (338)	16,658	12,307
2. Liabilities due to deliveries and services (Previous year)	3,433 (1,476)	0 (0)	0 (0)	3,433	1,476
3. Liabilities to shareholders (Previous year)	2,272 (2,338)	0 (0)	0 (0)	2,272	2,338
4. Other liabilities (Previous year)	336 (2,328)	0 (0)	0 (0)	336	2,328
- of which from taxes				111	299
- of which within the framework of social security				0	(4

The liabilities owing to credit institutions, amounting to TEUR 16,658, are secured through mortgages, chattel mortgages, share pledges and EIF guarantees amounting to TEUR 16,658.

The liabilities due to deliveries and services were essentially secured by retentions of title on the balance sheet date.

Rights and duties to shareholders (§ 42 section 3 GmbHG) amount to EUR 2,271,907.97.

Deferred tax liabilities

Development of deferred tax liabilities

01.01. EUR	Additions EUR	Disposals EUR	Reversal EUR	31.12. EUR
822,500.00	0.00	166,500.00	0.00	656,000.00

Contingent liabilities

No exchange liability exists on the balance sheet date. Warranty obligations exist to the extent customary for the line of business.

Secured party	Beneficiary	Type	EUR
Kreissparkasse Esslingen-Nürtingen	Aperto Torantriebe GmbH	Current account security	positive value
Doco Beheer B.V. (de Schwartz), Netherlands	Doco Holding B.V. Netherlands	Joint and several liability	659.000,00
Deutsche Leasing GmbH	Groke Türen und Tore GmbH	Joint and several liability	836.271,08
Wickeder	Doco Holding B.V. Netherlands	Joint and several liability	100.000,00
			<u>1.595.271,08</u>

Because of the actual credit rating and previous payment history our customers the risk of actual utilisation of the mentioned contingent liabilities has a quite low probability. There are no identifiable indications which announce an alternative assessment.

Due to an arrangement of Kreissparkasse Esslingen-Nürtingen and Deutsche Bank AG under participation of Postbank AG, UniCredit AG and Volksbank Kirchheim Nürtingen eG a consortium agreement of TEUR 17.000 was concluded on October 6th, 2016. Borrowers are SOMMER Antriebs- und Funktechnik GmbH and the affiliated company Groke Türen und Tore GmbH. Currently, Groke Türen und Tore GmbH does not draw on the credit.

Other financial obligations

	< 1 year	1 - 10 years	total
other financial obligations	TEUR	TEUR	TEUR
from rental and leasing contracts	1.496	2.943	4.439
from initiated investment projects	0	0	0
from old age pension	30	271	301
Of which from affiliated companies	0	0	0
Of which from associated companies	0	0	0
total	1.526	3.214	4.740

In addition to the contingent liabilities, other financial obligations amounting to TEUR 3,756 (previous year TEUR 3,732) exist due to financial obligations arising from rental and leasing obligations. Of these, TEUR 1,453 (previous year TEUR 1,358) fall payable within one year and TEUR 2,247 (previous year TEUR 2,374) within a time frame of one to ten years.

When selling its products domestically and abroad, the company sometimes utilises the services of commercial agents.

Notes on the profit and loss account

Sales revenues

	2016		2015	
	TEUR	%	TEUR	%
Sales revenues				
Europe	38,083	85.8	35,574	89.5
Overseas	4,800	10.8	4,171	10.5
Others	1,510	3.4	-	-
	<u>44,393</u>	<u>100.0</u>	<u>39,745</u>	<u>100.0</u>

Income and expenses from discount

In the other interest and similar income EUR 63,644.00 (previous year TEUR 63) are included from the addition respectively deduction of accrued interest relating to accruals for pensions and EUR 553.72 (previous year TEUR 2) are included from the addition respectively deduction of accrued interest relating to plan assets. After offsetting according to § 246 section 2 HGB and § 277 section 5 HGB an amount of EUR 64,197.72 (previous year TEUR 65) is recognized in the financial result within the income statement.

Extraordinary expenses

Extraordinary expenses amount to EUR 0.00 in the fiscal year 2016 (previous year TEUR 231).

Extraordinary depreciation

Extraordinary depreciation according to § 253 section 3 HGB amount to EUR 0.00 in the fiscal year 2016 (previous year TEUR 231).

Result from translation of foreign currencies

The position "other operating expenses" within the income statement includes expenses from currency translation in the amount of EUR 176,599.94 (previous year TEUR 133). The position "other operating income" includes income from currency translation in the amount of EUR 86,811.88 (previous year TEUR 248).

Other information

Personnel

Average number of staff employed during the financial year:

	2016	2015
Salaried and wage-earning employees	170	157
Trainees	18	13
	<u>188</u>	<u>170</u>

Relationships with affiliated companies

The company generates group accounts on the 31st December 2016 under identical name and registered office. The group statement is available at the German Electronic Federal Gazette.

Annual auditor's fee

Information on the annual auditor's fee is withheld in accordance with § 288 section 2 clause 2 HGB.

Members of the management board

The company is represented by its managing directors

Mr Gerd Schaaf, Kirchheim/Teck (commercial director),
Mr Dieter Walddörfer, Lenningen (technical director) and
Mr Werner Gollmer, Lenningen (technical director).

The managing directors have sole power of representation. Mr Gerd Schaaf is not bound by the limitations of § 181 BGB.

Information regarding the total remuneration is withheld with reference to § 286 section 4 HGB.

Events of special significance after balance sheet date

There were no significant events affecting the Company after the balance sheet date.

Proposal on the appropriation of profits

The managing board proposes that the balance sheet profit of EUR 114,811.17 be carried forward to the new account.

Kirchheim unter Teck, 24th May 2017

Managing Directors


.....
Werner Gollmer


.....
Gerd Schaaf


.....
Dieter Walddörfer

SOMMER Antriebs- und Funktechnik GmbH, Kirchheim unter Teck

Auditor's Report

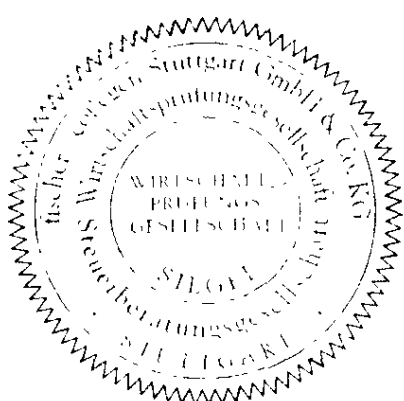
We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of SOMMER Antriebs- und Funktechnik GmbH, Kirchheim unter Teck, for the business year from January 1 to December 31, 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB (German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Germany (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statement and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements, complies with the legal regulations and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Stuttgart, 24th May 2017



fischer/collegen GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Marc-Uwe Fischer
Wirtschaftsprüfer
(German Public Auditor)

Josef Gad El Karim
Wirtschaftsprüfer
(German Public Auditor)

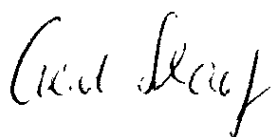
Addendum to the accounts

Sommer Antriebs- und Funktechnik GmbH, Kirchheim unter Teck

December 31, 2016

Our subsidiaries in the UK - Sommer Door & Gate Automation UK Ltd and Doco International Ltd have taken advantage of the entitlement to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31st December 2016.

September 14, 2017



Gerd Schaaf

CEO SOMMER

Antriebs- und Funktechnik GmbH

September 14, 2017



Fischer/collegen Stuttgart
GmbH & Co. KG

Wirtschaftsprüfung der Wirtschaft
sprüfer der Wirtschaftsprüfer

Josef Gad El Karim

Wirtschaftsprüfer / Steuerberater

Fischer/collegen GmbH & Co. KG

General Engagement Terms

for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1 Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties

2 Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom

3 The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4 Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5 Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6 Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7 Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: The German term "*Textform*" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8 Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of *Wirtschaftsprüfer*: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9 Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10 Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11 Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters,
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12 Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13 Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14 Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15 Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.