

Sommer Door & Gate
Automation Ltd. Limited
02612053

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

Balance sheet as of December 31, 2017

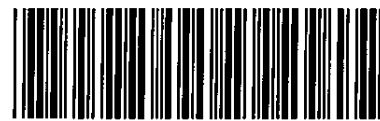
Income statement
from January 1 to December 31, 2017

Notes to the financial statements 2017

and

Auditor's Report 2017

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COMPANIES HOUSE

Sommer Antriebs- und Funktechnik GmbH, Kirchheim unter Teck
Balance sheet as of December 31, 2017

ASSETS		Dec 31, 2015		EUR		EUR		EUR	
		EUR		EUR		EUR		EUR	
A. Fixed assets									
I. Intangible assets									
1. Goodwill, identifiable intangible assets and similar assets and values		1.430.222,29		2.166.925,46		2.000.000,00		2.000.000,00	
2. Goodwill, identifiable intangible assets and similar assets and values		110.721,00		134.378,00		1.174.829,39		1.174.829,39	
3. Goodwill, identifiable intangible assets and similar assets and values						9.509.669,88		9.394.659,71	
4. Goodwill, identifiable intangible assets and similar assets and values						106.076,97		114.811,14	
5. Goodwill, identifiable intangible assets and similar assets and values									
6. Goodwill, identifiable intangible assets and similar assets and values									
II. Tangible assets									
1. Land and buildings, machinery, equipment and similar assets and values		3.019.920,14		3.152.672,74		1.112.589,88		1.015.970,32	
2. Land and buildings, machinery, equipment and similar assets and values		5,00		5,00		144.000,00		0,00	
3. Land and buildings, machinery, equipment and similar assets and values		1.523.114,98		1.607.716,93		1.632.000,00		1.570.420,00	
4. Land and buildings, machinery, equipment and similar assets and values		174.315,00		198.854,08				2.566.300,33	
5. Land and buildings, machinery, equipment and similar assets and values									
6. Land and buildings, machinery, equipment and similar assets and values									
III. Financial assets									
1. Financial assets		6.938.423,94		6.647.164,89		4.789.494,95		10.659.285,00	
2. Financial assets		851.253,83		827.527,61		2.654.718,13		3.422.535,24	
3. Financial assets				7.789.697,77		172.633,97		0,00	
4. Financial assets						1.924.510,01		2.271.917,97	
5. Financial assets						525.268,08		335.405,27	
6. Financial assets									
B. Current assets									
I. Inventories									
1. Inventories		4.296.428,75		4.266.438,07				22.376.615,04	
2. Inventories		442.887,91		587.059,33					
3. Inventories		1.230.482,19		1.811.048,89				41.020,00	
4. Inventories		8.853,86		88.397,88					
5. Inventories		7.561,52		42.017,55					
6. Inventories									
II. Receivables and other assets									
1. Receivables		2.201.916,78		2.663.106,46					
2. Receivables		14.983.471,89		12.081.301,63					
3. Receivables		944.528,83		1.180.159,05					
4. Receivables				15.934.569,22					
5. Receivables									
6. Receivables									
III. Cash-in-hand and bank balances									
1. Cash-in-hand and bank balances				365.874,26					
2. Cash-in-hand and bank balances									
3. Cash-in-hand and bank balances									
4. Cash-in-hand and bank balances									
5. Cash-in-hand and bank balances									
6. Cash-in-hand and bank balances									
C. Prepaid expenses									
1. Prepaid expenses									
2. Prepaid expenses									
3. Prepaid expenses									
4. Prepaid expenses									
5. Prepaid expenses									
6. Prepaid expenses									
D. Deferred tax liabilities									
1. Deferred tax liabilities									
2. Deferred tax liabilities									
3. Deferred tax liabilities									
4. Deferred tax liabilities									
5. Deferred tax liabilities									
6. Deferred tax liabilities									
Balance sheet remarks									
Contingent liabilities according to § 251 German Commercial Code (HGB) 1.331.773,51 (p.y.) TEIR : 53%									
38.752.781,14									
38.752.781,14									

Sommer Antriebs- und Funktechnik GmbH, Kirchheim unter Teck

Income statement
from January 1 to December 31, 2017

		2017	2016
	EUR	EUR	EUR
1 Revenue (Sales)		44 683.661,10	44.393 194,34
2 Decrease (p y increase) in finished goods inventories and work in process		<u>-422.878,48</u>	<u>83 198,23</u>
		44.260.782,62	44 476 392,57
3. Other operating income		1.026 773,74	<u>271.670,46</u>
4 Costs of materials			
a) Costs of raw materials, consumables and supplies and purchased merchandise	25 907.151,20		25.245 814,06
b) Costs of purchased services	<u>335.323,71</u>		<u>219 565,12</u>
		26.242 474,91	<u>25 465.379,18</u>
5 Personnel costs			
a) Wages and salaries	9 373.777,86		8.828.007,32
b) Social security and other pension costs - of which in respect of old age pension EUR 278.431,28 (p y TEUR 135)	<u>1.776.740,92</u>		<u>1 473.274,24</u>
		11.150.518,78	<u>10.301.281,56</u>
6 Depreciation of intangible fixed assets and tangible assets	1 619 586,65		1 595 587,62
7 Other operating expenses	<u>9.179.641,86</u>		<u>8.880.712,81</u>
		10 799 228,51	<u>10 476 300,43</u>
8. Income from participations - of which from affiliated companies EUR 3 384 982,78 (Vj TEUR 2.000)	3 444.982,78		2.090 000,00
9. Income from other securities and loans forming part of financial assets	14,73		20,25
10 Other interest and similar income - of which from affiliated companies EUR 133 538,56 (p.y TEUR 30)	137 214,90		76.929,57
11 Depreciation on financial assets and securities held as current assets	33 761,05		0,00
12 Interest and other similar expanses of which from: - affiliated companies EUR 2,522.12 (p.y TEUR 7) - shareholders EUR 49,463 59 (p y TEUR 50)	<u>790 061,08</u>		<u>693.759,07</u>
		2 758 390,28	1 473.190,75
13 Taxes on income - of which from deferred taxes EUR 471.000,00 (p.y. TEUR 150)		-284 591,23	-148.493,12
14. Net operating profit after taxes		<u>138.315,67</u>	126 785,73
15. Other Taxes		<u>33.238,70</u>	<u>11 974,56</u>
16. Net income		<u>105.076,97</u>	<u>114.811,17</u>

Notes to the financial statements 2017

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 large-sized limited liability companies apply (till December 31st, 2016 provisions for medium-sized limited liability companies).

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 in order to provide a better overview. For the same reason, the information on the allocation to other items on the balance sheet is also provided here.

The present annual financial statement is prepared maintaining the classification and valuation principles used for the previous year's financial statement.

On October 24th, 2017, the company concluded a profit transfer agreement with Groke Türen und Tore GmbH, Karlsruhe. In the 2017 financial year, this will result a profit transfer of TEUR 2,840,432.88 by the subsidiary for the first time.

The comparability of the previous year's financial statement is limited to the extent that remuneration in kind in the amount of EUR 253,930.80 (previous year TEUR 235) and cost transfers without exchange of services in the amount of EUR 398,671.71 (previous year TEUR 447) are not reported under sales revenue.

Balancing and valuation methods (§ 284 section 2 No. 1, No. 4 HGB)

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. Since 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.

Financial assets include shares in associated companies and participating interests at acquisition cost. On expected permanent reduction of value unscheduled amortisation was made.

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.

Finished and unfinished goods were valued at cost of production (individual costs, reasonable costs of material, production and general administrated overheads as well as depreciation of fixed assets, insofar as this was caused by production, § 255 section 2 page 2 HGB).

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

Receivables and liabilities to associated companies are shown netted. The approach is carried out at nominal values, if necessary less any necessary individual value adjustments.

Accruals and deferrals are formed for payments in the financial year that relate to the period after the balance sheet date. Furthermore, they include a discount for the processing fee resulting from the syndicated credit.

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 2005 G guideline tables. To determine the settlement amount the valuation was calculated according to the projected unit credit method and an interest rate of 3.68 % assuming no future salary increases and after balancing with the fair value of the plan assets in accordance with §246 section 2 HGB, this is shown as a provision for pensions.

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 (§ 256a HGB). 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 the valuation and assessment differences in other accruals, valuation differences in pension provisions, the capitalization of internally generated intangible assets and the realization of currency gains pursuant to § 256a HGB. The resulting tax reduction and tax burden in the fiscal year was capitalized in accordance to the allowed treatment in § 274 HGB.

Due to the existing company status of the corporation, the differences from its own balance sheet items and from those of the subsidiary and the resulting deferred tax burden resp. tax relief at Sommer Antriebs- und Funktechnik GmbH have an effect as parent company.

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

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 22,047.00 (previous year TEUR 168), 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.

Fixed-Asset-Movement Schedule 2017

	Cost				Cumulative Amortization				Net book value			
	Additions		Disposals		Reclassifications		Appreciation		Disposals		Appreciation	
	01.01.2017 EUR	EUR	01.01.2017 EUR	EUR	01.01.2017 EUR	EUR	01.01.2017 EUR	EUR	31.12.2016 EUR	EUR	31.12.2017 EUR	EUR
I. Intangible assets												
1 Self-created industrial property rights and similar rights and values	3 743 519,55	22 047,00	0,00	0,00	0,00	3 765 566,55	1 556 594,09	779 750,17	0,00	0,00	2 336 344,26	1 429 222,29
2 Industrial property rights, patents, licenses and similar rights and values	2 661 699,01	46 896,00	0,00	14 270,25	2 722 865,26	2 527 323,01	84 821,25	0,00	0,00	2 612 144,26	110 721,00	134 376,00
	6 405 218,56	68 943,00	0,00	14 270,25	6 488 431,81	4 083 917,10	864 571,42	0,00	0,00	4 948 488,52	1 539 943,29	2 321 301,46
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	1 903 966,87	133 752,00	0,00	0,00	2 037 718,87	3 018 920,14	3 152 672,14
2 Machinery and technical equipment	150 246,90	0,00	0,00	0,00	150 246,90	150 241,90	0,00	0,00	0,00	150 241,90	5,00	5,00
3 Other equipment, plant and office equipment	8 343 791,86	421 758,67	215 253,60	124 890,91	8 675 187,84	6 736 014,87	626 196,34	210 138,35	0,00	7 152 072,86	1 523 114,98	1 607 776,99
4 Payments on account and assets under construction	198 664,98	80 000,77	20 122,70	-139 161,16	119 381,89	0,00	0,00	0,00	-4 933,11	-4 933,11	124 315,00	198 664,98
	13 749 342,75	501 759,44	235 376,30	-14 270,25	14 001 455,64	8 790 223,64	759 948,34	210 138,35	-4 933,11	9 335 100,52	4 666 355,12	4 959 119,11
III. Financial assets												
1 Shares in affiliated companies	7 108 982,01	25 000,00	0,00	0,00	7 133 982,01	161 797,02	33 761,05	0,00	0,00	195 558,07	6 938 423,94	6 947 184,99
2 Other participations	927 520,61	0,00	76 256,78	0,00	851 263,83	0,00	0,00	0,00	0,00	851 263,83	927 520,61	927 520,61
	8 036 502,62	25 000,00	76 256,78	0,00	7 985 245,84	161 797,02	33 761,05	0,00	0,00	195 558,07	7 789 687,77	7 874 705,60
	28 191 063,93	595 702,44	311 633,08	0,00	28 475 133,29	13 035 937,76	1 658 280,81	210 138,35	-4 933,11	14 479 147,11	13 995 986,18	15 155 126,17

Research and Development

The total costs of research and development stood at EUR 1,494.665.34 (previous year TEUR 1.650). Of this, development costs of EUR 22,047.00 (previous year TEUR 168) were capitalised.

Information on participating interests (§ 285 No. 11 HGB)

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%	42	24
SOMMER Automazioni S.R.L.	Trento, Italy	100.0%	417	-1
SOMMER Door & Gate Automation U.K.	York, England	100.0 %	0	472
SOMMER France Sarl	Brumath, France	100.0%	-240	-341
SOMMER Ges.m.b.H.	Walding, Austria	60.0%	481	198
SOMMER Polska Sp.z.o.o.	Warsaw, Poland	100.0%	353	145
SOMMER Automatismos Espana S.L.	La Garriga/Barcelona, Spain	100.0%	-60	43
Groke Türen und Tore GmbH	Karlsruhe, Germany	100.0%	2.296	2.840
SOMMER Automation and Radio (Shanghai) Co., Ltd.	Shanghai, China	100.0%	891	229
SOMMER Antriebs- und Funk- technik AG	Sursee, Switzerland	100.0%	336	131
SOMMER USA Inc.	Charlotte/NC, USA	100.0%	-522	-567
Doco Holding B.V.	Sittard, Netherlands	100.0%	6.957	507
SOMMER Bau GmbH	Kirchheim, Germany	100.0%	28	1
SG Immobilien GmbH & Co. KG	Kirchheim, Germany	100.0%	-130	56

Reference is made here to the use of § 286 section 3 page 1 No. 3 HGB for one participation.

Receivables and other assets

	31.12.2017 TEUR	31.12.2016 TEUR
Receivables from goods and services	2,292	2,663
of which with a residual term of more than one year	(0)	(0)
Receivables from associated companies	14,983	12,082
of which with a residual term of more than one year	(0)	(0)
Other assets	945	1,190
of which with a residual term of more than one year	(0)	(9)
	<u>18,220</u>	<u>15,935</u>

Receivables and other current assets are applied at their nominal value or at their lower fair value as applicable on the balance sheet date. Receivables from associated companies include other receivables in the amount of EUR 7,962.982.78 (previous year TEUR 4,000).

Other current assets include tax receivables legally incurred after the reporting date in the amount of EUR 381,388.63.

In financial year 2017 the system of specific valuation allowances was changed. Trade receivables are not 100 % adjusted as in the financial year 2016 if they are past due for more than 60 days or submitted to collection agencies or lawyers.

The new procedure for individual value adjustment takes the following systematic approach:

Overdue	Value adjustment in %
Overdue > 3 years	100.00 %
Overdue > 2 years	80.00 %
Overdue > 1 year	50.00 %
Overdue > ½ year	individual

If the claims are to be transferred to a lawyer / collection agency, the value adjustment is 80 %, in case of insolvency 100 %.

The new system of value adjustment leads to a positive change in results of TEUR 12 compared to the old valuation system

Prepaid expenses

Under prepaid expenses the processing charge for the syndicated financing (syndicated credit) in the amount of EUR 149,333.34 (previous year TERU 235) is shown as debt discount.

	Status 01.01.2017 EUR	Change EUR	Status 31.12.2017 EUR
Deferred tax assets	144,000.00	247,000.00	391,000.00
Deferred tax liabilities	656,000.00	-224,000.00	432,000.00
Net deferred taxes	512,000.00	471,000.00	41,000.00
=====			

Deferred tax assets (EUR 391,000.00) are netted against deferred tax liabilities (EUR 432,000.00). The result after netting amount to EUR 41,000.00.

Equity

The profit carried forward amount to EUR 9,509,669.88 (previous year TEUR 9,395).

Amounts barred from distribution (§ 285 No. 28 HGB)

Amounts barred from distribution in accordance with § 268 section 8 HGB arise due to the capitalisation of deferred taxes amounting to 388,000.00 (previous year TEUR 144), 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. The amount was offset against the deferred tax liabilities according to § 274 section 1 clause 3.

Furthermore, amounts barred from distribution of EUR 1,000,222.29 (previous year TEUR 1,531) arise due to the capitalisation of internally generated intangible assets amounting to EUR 1,429,222.29 (previous year TEUR 2,187) less the deferred taxes owing on this of EUR 429,000.00 (previous year TEUR 656).

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. Concerning the assumption that there is no salary development the discounting interest rate applied to the German companies is 3,68%. The accrual for pension obligations amounts to EUR 1,804,797.00 (previous year TEUR 1,650). The reserved plan asset at fair value basis amounts to EUR 692,207.14 (previous year TEUR 634). 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 296,679.00 (previous year TEUR 237) 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 employees	51
accruals for procurement	19
sales accruals	15
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	31.12.2017	31.12.2016
	TEUR	TEUR	TEUR	TEUR	TEUR
1. Liabilities to credit institutes (Previous year)	15,411 (13,900)	2,288 (920)	0 (1,838)	17,699	16,658
2. Liabilities due to deliveries and services (Previous year)	2,655 (3,433)	0 (0)	0 (0)	2,655	3,433
3. Liabilities to affiliated companies (Previous year)	173 (1,435)	0 (0)	0 (0)	173	1,435
4. Liabilities to shareholders (Previous year)	1,925 (2,272)	0 (0)	0 (0)	1,925	2,272
5. Other liabilities (Previous year)	525 (336)	0 (0)	0 (0)	525	336
- of which from taxes				197	111
- of which within the frame work of social security				1	0

The liabilities owing to credit institutions, amounting to TEUR 17,699, are secured through mortgages, chattel mortgages, share pledges and EIF guarantees amounting to TEUR 17,699.

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

Liabilities to affiliated companies consist exclusively of liabilities and benefits.

Rights and duties to shareholders (§ 42 section 3 GmbHG) amount to EUR 1,924,510.01 (previous year TEUR 2,272).

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	334.000,00
Deutsche Leasing GmbH	Groke Türen und Tore GmbH	Joint and several liability	597.773,51
Wickeder	Doco Holding B.V. Netherlands	Joint and several liability	100.000,00
			<u>1.031.773,51</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 (§ 285 No. 3a HGB)

In addition to the contingent liabilities, other financial obligations amounting to TEUR 4,164 (previous year TEUR 3,756) exist due to financial obligations arising from rental and leasing obligations. Of these, TEUR 1,611 (previous year TEUR 1,453) fall payable within one year and TEUR 2,553 (previous year TEUR 2,247) within a time frame of one to ten years.

Notes on the profit and loss account

Sales revenues

	2017		2016	
	TEUR	%	TEUR	%
Sales revenues				
Europe	39,628	88.7	38,083	85.8
Overseas	3,967	8.9	4,800	10.8
Others	1,089	2.4	1,510	3.4
	<u>44,684</u>	<u>100.0</u>	<u>44,393</u>	<u>100.0</u>

Other operating income

Other operating income includes income relating to other periods amounting to EUR 226,911.66. These mainly relate to income from the reversal of accruals and individual value adjustment.

Other operating expenses

Other operating expenses include expenses relating to other periods in the amount of EUR 119,165.35. These are accounting losses from the disposal of fixed assets as well as a correction of an investment in current accounts for the excessively high income from investments in previous years.

Income from participations

Income from investments includes income from profit transfers in the amount of EUR 544,549.90

Results from currency conversion

The income statement "other operating expenses" includes expenses from currency translation in the amount of EUR 341,966.74 (previous year TEUR 177). The other operating income includes an income from currency translation in the amount of EUR 1,925.16 (previous year TEUR 1), of which EUR 36,071.05 (previous year TEUR 0) is not realised.

Income and expenses from discount

In the other interest and similar income EUR 65,461.00 (previous year TEUR 64) are included from the addition respectively deduction of accrued interest relating to accruals for pensions and EUR 1,925.16 (previous year TEUR 1) 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 63,535.84 (previous year TEUR 64) is recognized in the financial result within the income statement.

Extraordinary depreciation of fixed assets

The "depreciation on financial and current assets" includes unscheduled depreciation in accordance with § 253 section 3 page 4 HGB in the amount of EUR 33,761.05 (previous year TEUR 0).

Extraordinary expenses

In the fiscal year extraordinary expenses were incurred from the waiver of claims (after deducting the specific value adjustment of the previous year) against the subsidiary SOMMER Door & Gate Automation U.K. in the amount of EUR 323,902.40. They are reported under other operating expenses. In addition, trade receivables in the amount of EUR 520,000.00 were revalued (written down) against the subsidiary SOMMER USA Inc., USA.

Other information

Personnel (§ 285 No. 7 HGB)

Average number of staff employed during the financial year:

	2017	2016
Salaried and wage-earning employees	187	170
Trainees	18	18
	<u>205</u>	<u>188</u>

Derivative financial assets

In February and March resp. December 2017 the company concluded two USD-forward transactions of TEUR 770 with a term until 2019. The market value on the balance sheet date is TEUR -140. For this purpose a provision for contingent losses was formed in the same amount. Valuation takes place by discounting the cash flows converted using the reference rates, ignoring market-driven interest rate curves.

Relationships with affiliated companies

The company generates group accounts on the 31st December 2017 under identical name and registered office. The group statement is available at the German Electronic Federal Gazette.

Members of the management board (§ 285 No. 10 HGB)

The company is represented by its managing directors

Mr Gerd Schaaf, Kirchheim/Teck (commercial director),
Mr Dieter Walddorfer, Lenningen (technical director) and
Mr Werner Gollmer, Lenningen (technical director, till January 15th, 2018).

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.

Annual auditor's fee

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

Events of special significance after balance sheet date (§ 285 No. 33 HGB)

After the end of the financial year 2017 no further events occurred which are of major significance for SOMMER. The business performance in the first months of the new fiscal year conforms the forecast company development.

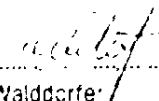
Proposal on the appropriation of profits (§ 285 No. 34 HGB)

The managing board of the company proposes to carry forward the profit to new account.

Kirchheim unter Teck, May 24th, 2017

Managing Directors


Gerd Schaal


Dieter Walddorfer

Addendum to the accounts

Sommer Antriebs- und Funktechnik GmbH, Kirchheim unter Teck

December 31, 2017



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 2017.

September 12, 2018

Gerd Schaaf

CEO Sommer

Antriebs-und Funktechnik GmbH

September 12, 2018

Wirtschaftsprüfer / Steuerberater

Fischer/collegen GmbH & Co. KG

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, 2017. 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.

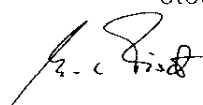
We conducted our audit of the annual financial statements in accordance with § 317 HGB (German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Germany (Institute of Public Auditors in Germany) (IDW). Those 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, 28th May 2018

fischer/collegen Stuttgart GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft



Marc-Uwe Fischer
Wirtschaftsprüfer
[German Public Auditor]



Josef Gad El Karim
Wirtschaftsprüfer
[German Public Auditor]

(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.

(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 ordnungsmaßiger 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.

(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.

(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.

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.

(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.

(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.

(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.

(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.

(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.

(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.

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.

(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.

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*).

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