

CG Drives & Automation Sweden AB  
556232-2643

## Annual Report

for the Financial Year 2015-04-01 - 2016-03-31

The Board of Directors and the managing director for CG Drives & Automation Sweden AB hereby submit the following annual financial statement.

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Seat of the Board of Directors: Helsingborg

The company's currency: Swedish Kronor (SEK).

Unless otherwise stated, all amounts are posted in thousands of Swedish Kronor (SEK '000).

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## Directors' Report

### Information about the operations

CG Drives & Automation Sweden AB develops, manufactures and markets equipment for control and protection of industrial processes and equipment run by electrical engines. The group's main product area consists of frequency inverters, turbine power monitors, softstarters och control systems. Together with key customers, the group also develops control systems adapted to the customers' specific application needs. Manufacturing and assemblage is performed at the company's headquarters in Helsingborg. Laboratories and development resources are primarily located in Helsingborg.

Sale and marketing is performed by own operations in the company's home markets of Scandinavia, Germany and Benelux as well as through distributors and partners at multiple markets outside of the home markets.

### Significant events during the financial year and after its closing

During the reconstruction in CG-Global there have been no demand for our group internal services. After year end a new contract has been signed with CG-Global securing the sales for coming years.

### Expected future development and risk and factors of uncertainty

To be at the fore front with regards to the development of new products is of uttermost strategic importance, and with our current product portfolio and up-coming products we feel prepared to meet the demands of the market. The development resources are primarily located in Helsingborg, but development is also performed in collaboration with the Indian group company. The largest financial risk is in connection to currency fluctuation, although these are largely eliminated due to the fact that most purchases as

### Research and development

Research and development is mainly focused on rotation speed regulated electric motors. Of research and development investments, around 30% are for customer or application specific products, while 70% are for the development of standard products. Our products are sold at a mature and highly competitive market, which is why application specific innovation, cost effective production and product design are areas of focus. During this year, we have developed an entirely new product for control of waste water pumps which substantially reduces the energy consumption of pump stations. We have also introduced a two new ranges of very compact variable speed drives for small powers, as well as new range of complete drive systems for rotating heat exchangers.

### Company subsidiaries abroad

CG Drives & Automation Sweden AB Shanghai Rep. Office

### Ownership

The Indian industrial company Crompton Greaves Limited, listed on the national stock market in India, is the largest parent company, which establishes a group consolidated annual report, in the group. Crompton Greaves Limited owns via CG Internation B.V (34224124) in Holland, the smallest parent company in the group which establishes an annual report. CG International B.V. owns the parent company CG Industrial Holdings Sweden AB (556852-4119). CG Industrial Holdings Sweden AB is the parent company of CG Drives & Automation Sweden AB. CG Industrial Holdings Sweden AB does not establish a group annual report, in accordance with Årsredovisningslagen chapter 7, § 2. The consolidated group annual report can be downloaded on the group web site: [www.cgglobal.com](http://www.cgglobal.com).

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<b>Multi-year overview*</b>	<b>2015/16</b>	<b>2014/15</b>	<b>2013/14</b>	<b>2012/13</b>
Net turnover (tkr)	236 449	225 752	216 384	236 215
Profit/loss after financial items (tkr)	3 086	33 565	66 391	48 685
Operating margin (%)	2,4%	12,9%	26,3%	22,7%
Return on equity (%)	1,2%	14,3%	26,4%	25,8%
Balance sheet total (tkr)	445 619	446 562	303 959	283 234
Equity/asset ratio (%)	56,2%	55,4%	73,4%	59,9%
Number of employees	67	70	72	76

#### **Proposals for profit allocation**

The Board of Directors recommends the profit/loss and brought forward profits available for disposition:

Profit/loss carried forward	204 501
This year's profit/loss	3 036
	<b>207 537</b>
to be distributed so that they are:	
carried over	207 537
	<b>207 537</b>

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### Income Statement

	Note	2015-04-01 -2016-03-31	2014-04-01 -2015-03-31
Net sales	1	236 449	225 752
Work performed by the company for its own use and capitalized		7 959	11 910
Other operating income		0	27 927
		<b>244 408</b>	<b>265 589</b>
<i>Operating expenses</i>			
Raw material and consumables		-140 584	-134 720
Other external costs	2,3	-26 277	-34 913
Personnel costs	4	-55 513	-56 899
Depreciation of equipment and intangible assets		-16 388	-10 043
Other operating costs		-76	0
		<b>-238 838</b>	<b>-236 575</b>
<b>Operating profit/loss</b>	5	<b>5 570</b>	<b>29 014</b>
<i>Profit/loss from financial items</i>			
Profit/loss from participation in group companies	6	0	-1 868
Other interest income and similar profit/loss items	7	1 771	10 366
Interest expense and similar profit/loss items	8	-4 255	-3 947
		<b>-2 484</b>	<b>4 551</b>
<b>Profit/loss after financial items</b>		<b>3 086</b>	<b>33 565</b>
<b>Pre-tax profit/loss</b>		<b>3 086</b>	<b>33 565</b>
Tax on profit for the financial year	9	-50	-9 073
<b>Net profit/loss for the year</b>		<b>3 036</b>	<b>24 492</b>



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## Balance Sheet

	Note	2016-03-31	2015-03-31
<b>ASSETS</b>			
<i>Non-current assets</i>			
<i>Intangible fixed assets</i>			
Capitalized expenditure for research and development and similar posts	10	63 122	58 713
Software	11	4 465	6 326
Work in progress for research and development	12	13 237	13 606
		<b>80 824</b>	<b>78 645</b>
<i>Tangible fixed assets</i>			
Machinery and equipment	13	1 465	1 903
		<b>1 465</b>	<b>1 903</b>
<i>Financial assets</i>			
Receivables from group companies	14	266 585	262 906
Deferred tax assets	15	9 988	10 039
		<b>276 573</b>	<b>272 945</b>
<b>Total non-current assets</b>		<b>358 862</b>	<b>353 493</b>
<i>Current assets</i>			
<i>Stock-in-trade etc.</i>			
Raw material and consumables		26 246	17 524
Work in progress		4 544	5 525
Finished goods and goods for resale		3 454	2 046
		<b>34 244</b>	<b>25 095</b>
<i>Current receivables</i>			
Accounts receivable		20 227	24 441
Receivables from group companies		20 265	19 295
Current tax assets		2 176	3 008
Other receivables		1 095	615
Prepaid expenses and accrued income	16	882	1 465
		<b>44 645</b>	<b>48 824</b>
<i>Cash and bank balances</i>		7 868	19 150
<b>Total current assets</b>		<b>86 757</b>	<b>93 069</b>
<b>TOTAL ASSETS</b>		<b>445 619</b>	<b>446 562</b>

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## Balance Sheet

	Note	2016-03-31	2015-03-31
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
	17		
<i>Restricted reserves</i>			
Share capital (25 631 985 aktier)		25 632	25 632
Statutory reserve		17 337	17 337
		<b>42 969</b>	<b>42 969</b>
<i>Non-restricted equity</i>			
Retained earnings or losses		204 501	180 009
Profit/loss for the year		3 036	24 492
		<b>207 537</b>	<b>204 501</b>
<b>Total equity</b>		<b>250 506</b>	<b>247 470</b>
<b>Provisions</b>			
	18		
Other provisions		1 000	1 000
		<b>1 000</b>	<b>1 000</b>
<b>Non-current liabilities</b>			
	19		
Liabilities to group companies		139 567	145 513
		<b>139 567</b>	<b>145 513</b>
<b>Current liabilities</b>			
	20		
Cheque account with overdraft facility		2 770	0
Advances from customers		0	49
Accounts payable		20 339	20 350
Liabilities to group companies		16 370	17 487
Other liabilities		1 732	1 678
Accrued expenses and deferred income	21	13 335	13 015
		<b>54 546</b>	<b>52 579</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>445 619</b>	<b>446 562</b>
	Note	2016-03-31	2015-03-31
<b>MEMORANDUM ITEMS</b>			
Collateral pledged	22	10 080	105
Contingent liabilities		None	None

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**Cash flow statement**

	2015-04-01 -2016-03-31	2014-04-01 -2015-03-31
<b>Cash flow from operations</b>		
Operating result	5 570	29 014
Adjustment for non-cash flow items		
Avskrivningar och nedskrivningar	16 388	10 043
	<b>21 958</b>	<b>39 057</b>
Received interest	1 771	1 078
Paid interest	-4 245	-1 133
Paid income tax	-917	1 060
<b>Cashflow from operations before change in working capital</b>	<b>18 568</b>	<b>40 062</b>
<i>Cashflow from change in working capital</i>		
Change in inventories	-9 149	-4 490
Change in receivables	4 179	89 099
Change in liabilities	1 967	12 308
<b>Cash flow from operations</b>	<b>15 565</b>	<b>136 979</b>
<i>Investments</i>		
Investments in tangible assets	-547	-96
Investments in intangible assets	-17 584	-14 067
<b>Cash flow from investments</b>	<b>-18 131</b>	<b>-14 163</b>
<i>Finance</i>		
Increase/reduction of financial assets/non-current liabilities, group companies	-5 946	-107 225
Change cheque account with overdraft facility	-2 770	0
<b>Cash flow from finance</b>	<b>-8 716</b>	<b>-107 225</b>
<b>Current year cash flow</b>	<b>-11 282</b>	<b>15 591</b>
<b>Liquid assets at the beginning of the financial year</b>	<b>19 150</b>	<b>3 559</b>
<b>Liquid assets at the end of the financial year</b>	<b>7 868</b>	<b>19 150</b>

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## Supplementary information

### Accounting policies etc.

#### Accounting and valuation principles

Årsredovisningslagen (1995:1554) and BFNAR 2012:1 Årsredovisning och koncernredovisning (K3) have been implemented for the annual report.

#### Assessments and estimates

The following estimates made by the Board of Directors have had a substantial effect on the carrying amounts in the annual report: Assessments and estimates effect mainly reserach and development and the posting of deferred tax receivables. The capitalization of expenditures for reserach and development projects is made only when these are expected to generate future revenue. In accounting policies the process for handling reserach and development projects is described from an accounting perspective. The assement for the deferred tax receivables is that it will be utilized within a period of seven years.

#### Group

The Indian industrial company Crompton Greaves Limited, listed on the national stock market in India, is the largest parent company, which establishes a group consolidated annual report, in the group. Crompton Greaves Limited owns via CG Internation B.V (34224124) in Holland, the smallest parent company in the group which establishes an annual report. CG International B.V. owns the parent company CG Industrial Holdings Sweden AB (556852-4119). CG Industrial Holdings Sweden AB is the parent company of CG Drives & Automation Sweden AB. CG Industrial Holdings Sweden AB does not establish a group annual report, in accordance with Årsredovisningslagen chapter 7, § 2. The consolidated group annual report can be downloaded on the group web site: [www.cgglobal.com](http://www.cgglobal.com).

#### Revenue recognition

##### *Sales of goods*

The revenue is recognised at the fair value of what the company has received or will receive. In other words, the company reports revenues at nominal value (amount invoiced) if the company receives payment in the form of liquid funds upon delivery. Deductions are made for discounts.

Revenue recognition for the sales of goods is normally made when the substantial risks and benefits connected to ownership of the goods have been transferred from the company to the customers.

#### Lease agreements

##### *The company as leasee*

All lease agreements, financial as well as operational, have been recognised as operational leasing. The cost of operational leasing agreements is distributed linearly over the leasing period.  
See note 3.



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### **Compensation to employees**

Compensation to employees consists of all types of compensation given to employees by the company. The compensations is made up of salaries, vacation pay, paid absence, bonus and compensation at termination (pension), amongst others. These are recorded when they are acquired. Compensation to employees after termination consists of pension plans, which are either fee or benefit based. Pension plans for which fixed fees are paid and no obligations, legally or informal, are attached, are classified as benefit based plans. Other pension plans are classified as fee based plans. The company has no other non-current compensation recorded to employees.

The company has benefit based pension plans where a pension fee is paid. These plans are recorded as fee based pension plans in accordance with the simplification rule of BFNAR 2012:1.

### **Re-calculation of posts in foreign currency**

Receivables and liabilities in foreign currency has been valued to the exchange rate of the balance sheet date. Exchange rate gains and losses for operating receivables and liabilities are posted as operating income, while exchange rate gains and losses for financial receivables and liabilities are posted as financial posts.

### **Taxes**

Total taxes are made up of current tax and deferred tax. Taxes are posted in the income statment, except for when transactions that are posted to equity, where the then occoring tax effect is also posted to equity.

#### *Current tax*

Current tax consists of income tax for the current year and previous years' income tax, if these have not been regulated. Current tax is calculated from the current tax rate per the balance sheet day.

#### *Deferred tax*

Deferred tax is an income tax for future years as a result of previous events. This is posted in accordance with the balance sheet method. According to this, deferred tax liability and deferred tax receivables for temporary differences is posted. Temporary differences arise when there is a difference between book value and taxation value for receivables or liabilities or for credits or fiscal losses. Deferred tax receivables and deferred tax liabilities are posted as a net only if they can be regulated through a net payment. Deferred tax liability is calculated according to the current tax rate at the balance sheet date. The effect of changes in current tax rate will effect the income statment in the period during which the tax rate has legally been changed. Deferred tax receivables are reduced by the part which is unlikely to be realized in the conceivable future. Deferred tax receivables are posted as a financial fixed asset and deferred tax liabilities as a provision.

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### Fixed assets

Intangible and tangible fixed assets are posted at the acquisition value less accumulated depreciation and any write-downs.

Tangible fixed assets have been divided up in substantial components when the expected useful life of the components is viewed as being materially different.

Depreciable amount is the net of acquisition value and calculated residual value, should this be substantial. Depreciation is posted linearly over the expected useful life period.

The following depreciation is applied:

#### *Intangible fixed assets*

Capitalized expenditure for research and development and similar posts	5-10 years
Software	5 years

#### *Tangible fixed assets*

Machinery and equipment	3-5 years
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#### *Capitalized expenditure for research and development and similar posts*

The company capitalizes all expenditures which according to the criteria set of BFAR 2012:1 can be capitalized as intangible assets. These are depreciated over the expected useful life period.

The monetary posts of the company's foreign branches are posted according to the exchange rate per the balance sheet day, while the non-monetary posts are posted according to the exchange rate at the day of occurrence.

### Inventories

The inventories are valued at the lower of acquisition cost and net realisable value on the balance sheet date. In order to determine the acquisition cost, a weighted average calculation is used. The net realisable value refers to the calculated sales price of the products less selling costs. Deduction for inventory obsolescence has been made after individual assessment.

### Receivables, liabilities and provisions

When nothing else has been specified above, current receivables are valued to the lowest of acquisition value and the amount by which they are expected to be regulated. Non-current receivables and non-current liabilities are valued to accrued acquisition value. Other liabilities and provision are valued to the amount by which they are expected to be regulated. Other receivables are posted at acquisition value, provided nothing else is specified.

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## Notes

### Note 1 Distribution of net sales

The net sales are distributed over the following geographical markets:

	2015/16	2014/15
Germany	76 541	90 045
Nordic	47 957	35 445
Benelux	37 006	46 019
China	14 081	0
Russia	11 747	12 725
Other parts of the world	49 117	41 518
<b>Sum</b>	<b>236 449</b>	<b>225 752</b>

### Note 2 Auditor fee

<i>Ernst &amp; Young AB</i>		
Financial year audit	320	355
Other services	10	50
<b>Sum</b>	<b>330</b>	<b>405</b>

### Note 3 Leasing agreement - leasee

<i>Operational leasing</i>	2015/16	2014/15
Expensed leasing fees regarding operational leasing agreements	4 094	4 609
Future minimum leasing fees regarding non-terminable operational lease agreements		
To be paid within 1 year	3 985	3 469
To be paid within 2-5 years	1 157	3 240
To be paid after 5 years	0	-
<b>Sum</b>	<b>5 142</b>	<b>6 709</b>

The company has entered into the following agreements which are posted as operational lease agreements:

The substantial lease agreements that the company has entered are related to lease for premises for office and production. The length of the lease is three years. The rent is determined yearly through index regulation related to the consumer price index.

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#### Note 4 Employees and personel costs

##### Average number of employees

	2015/16	2014/15
Women	19	19
Men	48	51
<b>Sum</b>	<b>67</b>	<b>70</b>

##### Salaries and other contributions

	2015/16	2014/15
Board of Directors and CEO	2 157	2 146
Other employees	32 921	34 322
<b>Sum</b>	<b>35 078</b>	<b>36 468</b>

Bonus payment to the Board of Directors and CEO

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##### Pensions and other similar costs

Pension costs for the Board of Directors and CEO	441	424
Pension costs for other employees	4 841	5 396
Other costs, regulated by law or agreement	11 203	13 311
<b>Sum</b>	<b>16 485</b>	<b>19 131</b>

Outstanding pension liabilities  
to the Board of Directors and CEO

2016-03-31 2015-03-31

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##### Gender distribution among the directors

Women on the board	40%	40%
Men on the board	60%	60%
Women among the directors	25%	20%
Men among the directors	75%	80%

#### Note 5 Transactions among group entities

	2015/16	2014/15
Percentage of total purchases for the year made from other group entities	16%	19%
Percentage of total sales for the year made to other group entities	46%	46%

Other operating income this year represent 0% among group entities and corresponding figure last year was 100%.

#### Note 6 Result from group entities

	2015/16	2014/15
Impairment of non-current receivables	0	-1 816
Sale/liquidation of subsidiary	0	-52
<b>Sum</b>	<b>0</b>	<b>-1 868</b>

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**Note 7 Other interest income and similar profit/loss items**

	2015/16	2014/15
Interest income from group entities	1 727	1 062
Other interest income	44	16
Exchange rate differences	0	9 288
<b>Sum</b>	<b>1 771</b>	<b>10 366</b>

**Note 8 Interest expense and similar profit/loss items**

	2015/16	2014/15
Interest expense from group entities	-1 329	-912
Other interest expense	-740	-210
Exchange rate differences	-2 080	-2 814
Other financial expenses	-105	-11
<b>Sum</b>	<b>-4 255</b>	<b>-3 947</b>

**Note 9 Tax on profit for the financial year**

	2015/16	2014/15
Change in deferred tax	50	9 073
<b>Sum posted tax</b>	<b>50</b>	<b>9 073</b>

<b>Average effective tax rate</b>	<b>1,6%</b>	<b>27,0%</b>
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**Reconciliation of effective tax rate**

<b>Net result before tax</b>	<b>3 086</b>	<b>33 565</b>
Tax on net result, current tax rate (22 %):	679	7 384
<b>Tax effect from:</b>		
Other non-deductible expenses	77	73
Obsolescence	677	678
Non taxable income	-1	0
Other adjustments	-1 382	938
<b>Sum posted tax</b>	<b>50</b>	<b>9 073</b>

Effective tax rate	1,6%	27,0%
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*Information about deferred tax receivables and tax liabilities*  
For change in deferred tax liability, see note 16

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**Note 10 Capitalized expenditure for research and development and similar posts**

	2016-03-31	2015-03-31
Acquisition value, opening balance	129 473	78 040
Purchase	7 144	7 088
Reclassifications	10 809	44 345
<b>Accumulated acquisition value, closing balance</b>	<b>147 426</b>	<b>129 473</b>
Depreciations, opening value	-70 760	-63 827
Depreciation for the year	-13 544	-6 933
<b>Accumulated depreciation, closing balance</b>	<b>-84 304</b>	<b>-70 760</b>
<b>Book value, closing balance</b>	<b>63 122</b>	<b>58 713</b>

**Note 11 Software**

	2016-03-31	2015-03-31
Acquisition value, opening balance	11 406	11 406
Purchase	-	-
<b>Accumulated acquisition value, closing balance</b>	<b>11 406</b>	<b>11 406</b>
Depreciations, opening value	-5 080	-3 168
Depreciation for the year	-1 861	-1 912
<b>Accumulated depreciation, closing balance</b>	<b>-6 941</b>	<b>-5 080</b>
<b>Book value, closing balance</b>	<b>4 465</b>	<b>6 326</b>

**Not 12 Work in progress for research and development**

	2016-03-31	2015-03-31
Acquisition value, opening balance	13 606	50 973
Purchase	10 440	6 978
Reclassifications	-10 809	-44 345
<b>Accumulated acquisition value, closing balance</b>	<b>13 237</b>	<b>13 606</b>
<b>Book value, closing balance</b>	<b>13 237</b>	<b>13 606</b>

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**Note 13 Machinery and equipment**

	2016-03-31	2015-03-31
Acquisition value, opening balance	25 895	25 799
Purchase	547	96
<b>Accumulated acquisition value, closing balance</b>	<b>26 442</b>	<b>25 895</b>
Depreciations, opening value	-23 992	-22 795
Depreciation for the year	-985	-1 197
<b>Accumulated depreciation, closing balance</b>	<b>-24 977</b>	<b>-23 992</b>
<b>Book value, closing balance</b>	<b>1 465</b>	<b>1 903</b>

**Note 14 Receivables from group companies**

	2016-03-31	2015-03-31
Acquisition value, opening balance	265 115	45 219
Added receivables	3 679	219 896
<b>Accumulated acquisition value, closing balance</b>	<b>268 794</b>	<b>265 115</b>
Depreciation, opening value	-2 209	0
Depreciation for the year	0	-2 209
<b>Accumulated depreciation, closing balance</b>	<b>-2 209</b>	<b>-2 209</b>
<b>Book value, closing balance</b>	<b>266 585</b>	<b>262 906</b>

**Note 15 Deferred tax receivables**

	2016-03-31	2015-03-31
Opening balance	10 039	19 111
Reversed tax receivables	-51	-9 072
<b>Sum</b>	<b>9 988</b>	<b>10 039</b>

See also note 9 Tax on profit for the financial year.

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**Note 16 Prepaid expenses and accrued income**

	2016-03-31	2015-03-31
Prepaid leasing expenses	77	55
Prepaid rent expenses	266	896
Other prepaid expenses	539	514
<b>Sum</b>	<b>882</b>	<b>1 465</b>

**Note 17 Change in equity**

	<i>Restricted reserves</i>		<i>Non-restricted equity</i>		Total
	Share capital	Statutory reserve	Retained earnings	Profit/loss for the year	
Opening balance 2014-04-01	25 632	17 337	126 789	53 220	222 978
Transfer of previous year's gain/loss	0	0	53 220	-53 220	0
This year's profit/loss	0	0	0	24 492	24 492
<b>Closing balance 2015-03-31</b>	<b>25 632</b>	<b>17 337</b>	<b>180 009</b>	<b>24 492</b>	<b>247 470</b>
Transfer of previous year's gain/loss	0	0	24 492	-24 492	0
This year's profit/loss	0	0	0	3 036	3 036
<b>Closing balance 2016-03-31</b>	<b>25 632</b>	<b>17 337</b>	<b>204 501</b>	<b>3 036</b>	<b>250 506</b>

**Not 18 Provisions**

	2016-03-31	2015-03-31
<i>Other provisions</i>		
Opening balance	1 000	1 000
<b>Sum</b>	<b>1 000</b>	<b>1 000</b>
<i>Specification other provisions</i>		
Warranty	1 000	1 000
<b>Sum</b>	<b>1 000</b>	<b>1 000</b>

**Note 19 Non-current liabilities**

	2016-03-31	2015-03-31
<b>To be paid after 5 years</b>		
Liabilities to group entities	139 567	145 513
<b>Sum</b>	<b>139 567</b>	<b>145 513</b>

**Not 20 Cheque account with overdraft facility**

	2016-03-31	2015-03-31
Approved credit	10 000	0
Used credit	-2 770	0

**Note 21 Accrued expenses and deferred income**

	2016-03-31	2015-03-31
Accrued vacation salaries	3 464	3 567
Accrued social security contribution	2 728	2 693
Accrued salaries	2 231	2 604
Other accrued expenses	4 912	4 151
<b>Sum</b>	<b>13 335</b>	<b>13 015</b>



CG Drives & Automation Sweden AB  
556232-2643

**Not 22 Collateral pledged**

	2016-03-31	2015-03-31
<b>Collateral pledged</b>		
Chattels mortgage	10 000	0
Guarantee to Tullverket (Swedish Import services)	80	105
<b>Sum Collateral pledged</b>	<b>10 080</b>	<b>105</b>

**Not 23 Key ratios***Operating margin*

Operating result in percent of net turnover

*Adjusted equity*

Equity deducted by deferred tax on untaxed reserves

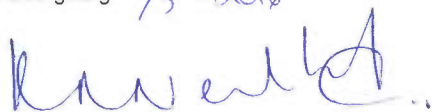
*Return on equity*

Gain/loss after financial items in percent of average adjusted equity

*Equity/asset ration*

Adjusted equity in percent of total balance

Helsingborg 2/5-2016



KN Neelkant  
Chairman



Venkateswaran Sundaram



Irène Josefsson  
Employee representative



Mikael Samuelsson  
CEO



Dragica Gaspar  
Employee representative

Our audit opinion has been given 3/5-2016

Ernst & Young AB



Peter Gunnarsson  
Auktoriserad Revisor

## Auditor's report

To the annual meeting of the shareholders of CG Drives & Automation Sweden AB, corporate identity number 556232-2643

### Report on the annual accounts

We have audited the annual accounts of CG Drives & Automation Sweden AB for the year 2015-04-01--2016-03-31.

#### **Responsibilities of the Board of Directors and the Managing Director for the annual accounts**

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts.

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

#### **Opinions**

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of CG Drives & Automation Sweden AB as of March 31, 2016 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet.

### Report on other legal and regulatory requirements

In addition to our audit of the annual accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of CG Drives & Automation Sweden AB for the year 2015-04-01--2016-03-31.

#### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

#### **Auditor's responsibility**

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

#### **Opinions**

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Malmö, May 3, 2016

Ernst & Young AB



Peter Gunnarsson  
Authorized Public Accountant