

The background of the entire page is a repeating pattern of interlocking cubes, creating a three-dimensional optical illusion. The cubes are rendered in shades of light gray and white, with shadows that give them depth. They are arranged in a way that they appear to be floating or stacked, creating a complex geometric design.

**RIAS**

**2016/17**

**Annual Financial  
Account Statement**

# Announcement of full-year results 2016/17

NASDAQ Copenhagen A/S  
PO Box 1040  
DK-1007 Copenhagen K

Roskilde, 13 December 2017

## ANNOUNCEMENT OF FULL-YEAR RESULTS FOR THE FINANCIAL YEAR 2016/17

The Board of Directors of RIAS A/S has today considered and approved the annual report for 2016/17, which includes the following information:

- At DKK 264.4 million, revenue was in line with last year in spite of a declining market.
- Profit before tax grew to DKK 8.0 million, against DKK 7.9 million the year before, affected by a lower cost level and improved utilisation of capacity.
- EBIT guidance for the financial year 2017/18 is in the range of DKK 7.5 million to DKK 9.5 million.

In a financial performance review, CEO Henning Hess says:

“Developments in the domestic market have resulted in flatter top-line growth. At the same time, prices are under pressure from intensified competition, which has challenged our bottom line. But by taking a range of measures, we have managed to maintain our market position and profitability in a declining market.”

“Investments in new technology and in skills development of employees are therefore beginning to show in the key figures and ratios. This is a positive trend we expect to continue. Stable growth is observed in activities in the Swedish market, offsetting some of the fluctuations we are seeing in the Danish market. Here the past year was characterised by an increase in housing starts, while DIY and home renovation activities decreased and affected sales in this product range.”

“In all business areas, we see an upward trend in demand for advice and guidance. A number of products are standard products and are increasingly ordered via our online solutions, whereas special products and customised solutions require knowledge of the customers’ situation and the market. The organisational measures we have launched in recent years match this development and support our constant focus on customer relations and our commitment to moving upward along the value chain. This ensures better solutions for customers and improved profitability for RIAS and our shareholders.

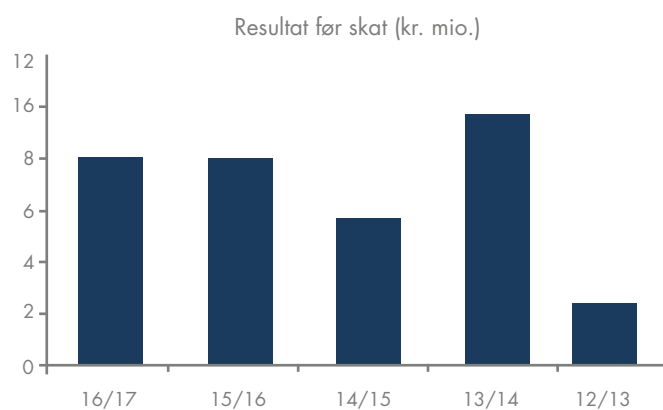
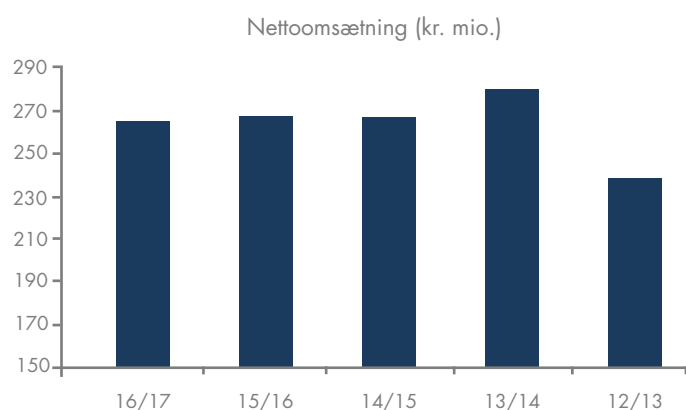
The annual report for 2016/17 can be read at [www.rias.dk](http://www.rias.dk) from 13 December 2017, and a print version will be available on request from the main office.

The Annual General Meeting of RIAS A/S will be held on Wednesday, 24 January 2018, at 13:00 am at the company’s premises in Roskilde.

# Management's Review

## Financial highlights

	2016/17	2015/16	2014/15	2013/14	2012/13
<b>Income statement (DKK million)</b>					
Revenue	264.4	266.2	265.8	279.4	238.2
Production Costs	184.4	185.4	185.7	195.7	165.1
Gross profit	80.0	80.8	80.1	83.7	73.1
Capacity costs	68.8	69.3	70.6	69.8	65.7
Depreciation and amortisation	2.8	3.3	3.6	4.2	4.9
Profit before financial income and expenses	8.4	8.3	5.9	9.7	2.5
Net financials	-0.4	-0.4	-0.3	-0.2	-0.2
Profit before tax	8.0	7.9	5.6	9.5	2.3
Corporation tax	1.8	1.7	1.3	2.3	-0.5
<b>Net profit for the year</b>	<b>6.2</b>	<b>6.3</b>	<b>4.3</b>	<b>7.2</b>	<b>2.8</b>
<b>Balance sheet at 30 September (DKK million)</b>					
Non-current assets	97.8	100.3	99.5	102.6	104.7
Current assets	108.6	108.8	101.5	103.0	98.7
<b>Assets</b>	<b>206.4</b>	<b>209.1</b>	<b>201.0</b>	<b>205.6</b>	<b>203.4</b>
Equity	164.1	162.5	160.5	160.7	158.1
Deferred tax	9.3	9.4	9.7	10.0	10.3
Short-term liabilities	33.0	37.2	30.8	34.9	35.0
<b>Liabilities and equity</b>	<b>206.4</b>	<b>209.1</b>	<b>201.0</b>	<b>205.6</b>	<b>203.4</b>
<b>Cash flows (DKK million)</b>					
Cash flows from operating activities	13.6	15.8	3.7	4.3	10.1
Cash flows from investing activities	-1.2	-4.7	-0.8	-1.8	0.2
Including investments in property, plant and equipment of	-1.2	-4.7	-0.5	-1.9	-0.3
Cash flows from financing activities	-4.6	-4.2	-4.6	-4.6	-2.3
<b>Total cash flows</b>	<b>3.9</b>	<b>6.9</b>	<b>-1.7</b>	<b>-2.1</b>	<b>8.0</b>
<b>Average number of fulltime employees</b>	<b>93</b>	<b>92</b>	<b>95</b>	<b>90</b>	<b>92</b>



# Management's Review

## Ratios

	2016/17	2015/16	2014/15	2013/14	2012/13
<b>Gross margin</b>					
Gross margin	30%	30%	30%	30%	31%
Profit margin	3%	3%	2%	3%	1%
Return on assets	5%	5%	3%	5%	1%
Profit per DKK 100 share	27	27	20	31	12
Dividend per DKK 100 share	20	20	18	20	20
Equity value per DKK 100 share	711	705	697	697	686
Return on equity before tax	5%	5%	4%	6%	1%
Return on equity after tax	4%	4%	3%	4%	2%
Solvency ratio	80%	78%	80%	78%	78%
Market price per DKK 100 share at 30 September	430	390	460	503	495

The ratios have been calculated in accordance with the "Recommendations and Ratios 2015" issued by the Finansforeningens "Anbefalinger og nøgletal 2015" expect for profit per share which has been calculated in accordance with IAS 33.

### Definition of financial ratios:

**Gross margin** is calculated as gross profit in percentage of revenue.

**Profit margin** is calculated as profit before financials in percentage of revenue.

**Return on assets** is calculated as profit before financials in percentage of average operating assets for the year, ie of total assets less cash at bank and in hand and fixed asset investments.

**Profit per DKK 100 share** is calculated as profit for the year divided by 1/100 of the share capital after deduction of the Company's holding of treasury shares at 30 September.

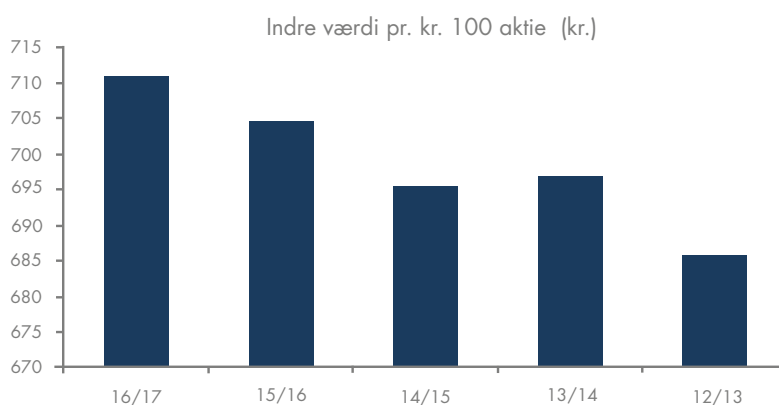
**Dividend per DKK 100 share** is calculated as dividend divided by 1/100 of the share capital after deduction of the Company's holding of treasury shares at 30 September.

**Equity value per DKK 100 share** is calculated as equity at 30 September divided by 1/100 of the share capital after deduction of the Company's holding of treasury shares at 30 September.

**Return on equity before tax** is calculated as profit before tax in percentage of average equity for the year.

**Return on equity after tax** is calculated as net profit for the year in percentage of average equity for the year.

**The solvency ratio** is calculated as equity at 30 September in percentage of total assets at 30 September.



# Management's Review

## Review

### Mission

RIAS's mission is to provide plastic materials of high quality in Scandinavia.

The Company operates in the two following product areas:

- Sale, processing and distribution of semi-finished plastic products to all sectors of the building and construction industry.
- Sale, processing and distribution of semi-finished plastic products to the industrial and the public sector.

### Long-term objective

The long-term objective of RIAS A/S is to increase our market value through organic growth and to give our shareholders a competitive return on invested capital.

It is the Company's objective to maintain our position as the largest supplier within semi-finished plastic products in Denmark.

A summary of our expectations for 2016/17 published in the Annual Report for 2015/16 shows that the Company has fully met the announced earnings expectations, which was a profit before tax of between DKK 7-9 million. This should, not least, be seen in the light of the very competitive market and, thus, increasing pressure from competitors.

### Financing

In 2016/17, the Company's operating cash flows were positive at DKK 13,562k, and at 30 September 2017 the Company remains free of any debt to credit institutions.

### Expectations to 2017/18

In the financial year 2017/18, we will continue to concentrate on optimising the organisation and increasing growth in market shares and earnings. On this basis, the Board of Directors expects EBIT for 2017/18 to be in the range of DKK 7.5 - 9.5 million.

### Special risks

#### Operating risks

Unforeseen price fluctuations and discontinuation of trade with major customers may affect the Company adversely with regard to expected earnings for the year, but such risks are normal in a trading enterprise.

#### Financial risks

The Company does not speculate in financial risks, and the Company's management of such risks focuses exclusively on managing financial exposures that are a

direct consequence of the operations and financing of RIAS A/S. The Company has no derivative financial instruments.

### Interest rate risks

The Company does not enter into interest rate positions to hedge against interest rate exposures as moderate changes in the interest rate level will have no material effect on earnings.

### Credit risks

The Company's credit risks relate to trade receivables.

The Company's policy is to take out credit insurance in respect of trade receivables to the extent possible. Trade receivables are assessed on a current basis, and provisions are made to the extent necessary.

### Foreign exchange risks

The Company is only to a limited extent exposed to foreign exchange movements. Almost all trading takes place in DKK or EUR. As the foreign exchange risk relating to DKK/EUR is considered very low, the Company does not hedge its net debt in foreign currency.

### Liquidity risks

The Company only has debt which falls due within one year, cf. the balance sheet. The payment of this debt, DKK 32.5 million, can be fully covered by payments from receivables and bank deposits.

### Intellectual capital

The Company has specific knowledge and competencies within the area of trade in semi-finished plastic products.

The Company attaches importance to attracting, retaining and contributing to the development of well-educated and motivated employees who can contribute to safeguarding one of our core values, namely that of providing our customers with the best service.

On average, the Company has employed 93 fulltime employees in 2016/17, which is 1 more than in 2015/16. The Company had 102 fulltime employees at 30 September 2017, which is five more than at 30 September 2016.

### The environment

The Company strives to limit its environmental impact at any time.

The environmental impact in itself is, however, insignificant as the Company's activities comprise mainly distribution and sale of semi-finished plastic products but

not any production.

The Company is not involved in any environmental cases.

### Research and development activities

The Company has no separate research activities but develops its business and competencies on a current basis.

### Incentive programmes

The Company does not have any incentive programmes.

### Subsequent event

No events materially affecting the Company's Financial Statements for 2016/17 have occurred after the balance sheet date.

# Management's Review

## Financial Review

### Income statement

#### Revenue

Revenue decreased by DKK 1,815k from DKK 266,244k in 2015/16 to DKK 264,429k in 2016/17.

Revenue of the Industry Division increased by DKK 2,314k, whereas revenue of the Building & Construction Division decreased by DKK 4,129k in 2016/17.

The positive development of the Industry Division reflects the facts that the activities in the industrial sector have increased and that the demand for technical plastic products has increased, whereas the sale of advertising-based products has been declining.

Sales within the processing area are in line with expectations. The Company also saw the effect of the increasing plastic materials prices, which also contributed to a slight increase in the Industry Division's revenue.

The decrease in revenue of the Building & Construction Division, corresponding to a 4.6% decrease, is due to the decreasing Danish market as a result of generally lower demand from building market customers.

#### Gross profit

Gross profit is stable compared to 2015/16 despite of a very competitive market.

#### Distribution and administrative expenses

Expenses decreased by DKK 758k from DKK 73,205k in 2015/16 to DKK 72,447k in 2016/17, corresponding to an decrease of 1%. This is partly due to an effective cost control.

#### Tax on profit for the year

The effective tax rate for 2016/17 is 22.3% compared to 20.96% in 2015/16, which is due to the fact that the change in deferred tax is no longer affected by a reduction in the tax rate.

### Balance sheet

#### Intangible assets

Intangible assets have decreased due to depreciations from DKK 57,899k at 30 September 2016 to DKK 56,791k at 30 September 2017. The most important intangible asset is goodwill of DKK 53,085k, which relates to the acquisition of the activities of Rodena A/S and Nordisk Plast A/S. The goodwill values have been subjected to an impairment test, which is described in detail in note 10 to the Financial Statements.

Software amounts to DKK 3,306k at 30 September 2017 compared to DKK 4,351k at 30 September 2016.

#### Property, plant and equipment

Property, plant and equipment decreased from DKK 42,415k at 30 September 2016 to DKK 41,063k at 30 September 2017. The decrease is due to depreciation exceeding investments. Going forward, a higher investment level is budgeted for in order to ensure the continued development of the Company's activities.

#### Inventories

Inventories decreased by DKK 2,431k from DKK 28,722k at 30 September 2016 to DKK 26,291k at 30 September 2017, corresponding to an decrease of 8.5%. The Company focuses on a current basis on adjustment inventories to match the existing market.

#### Receivables

Receivables decreased by DKK 1,913k from DKK 51,758k at 30 September 2016 to DKK 49,845k at 30 September 2017, which is primarily attributable to focus on terms of payment and collection as well as a change in the level of activity in H2.

#### Liabilities

Liabilities decreased by DKK 4,236k from DKK 46,553k at 30 September 2016 to DKK 42,317k at 30 September 2017, corresponding to a decrease of 9.1%. This is mainly due to a decrease in vendors.

### Cash flows

#### Operating activities

Cash flows from operating activities decreased by DKK 2,190k from DKK 15,752k in 2015/16 to DKK 13,562k in 2016/17. The change in cash flows relates to changes in the working capital.

#### Investing activities

The company has not had the need for bigger investments in equipment in 2016/17. Cash flow from investing activities decreased with DKK 3.566 k compared to last year.

#### Liquidity resources

The Company's total cash at bank and in hand has increased by DKK 3,882k from a deposit of DKK 24,776 at 30 September 2016 to a deposit of DKK 28,658 at 30 September 2017.

# Management's Review

## Shareholder Information and Corporate Governance

### Shareholder information

#### **Statutory Statement on Corporate Governance under section 107b of the Danish Financial Statements Act**

Company Management believes that corporate governance is a key element and currently seeks to improve the Company's management structure. The overall framework for the Management of RIAS A/S has been planned with a view to ensuring that the Company meets its obligations towards shareholders, customers, employees, authorities and other stakeholders in the best possible way and that long-term value creation is supported.

The Board of Directors of RIAS A/S currently works on ensuring that the Company complies with the policies and procedures laid down by the Committee of Corporate Governance which NASDAQ Copenhagen requires be applied. The Board of Directors discusses how the Company's corporate governance in practice at any time ensures that the management of RIAS A/S meets the highest standard and that the work of the Board of Directors supports the Company's future business potential. Openness is a key factor.

The Board of Directors has chosen to publish the Statutory Statement on Corporate Governance under section 107b of the Danish Financial Statements Act on the Company's website.

#### **Links to the Statutory Statement on Corporate Governance:**

Current Statement (2017):  
[riasnordic.com/cg/2017](https://riasnordic.com/cg/2017)

Committee of Corporate Governance:  
<https://corporategovernance.dk/sites/default/files/anbefaling-for-god-selskabsledelse-2013-senest-opdateret-november-2014.pdf>

Thus, the Board of Director's overall position on the recommendations for corporate governance of NASDAQ Copenhagen may be found on RIAS A/S's website. The Statutory Statement on Corporate Governance covers the financial period 1 October 2016 to 30 September 2016 and forms a part of Management's Review.

In this connection, RIAS A/S has chosen to compare the Company's Statutory Statement on Corporate Governance with the recommendations issued by the Committee on 6 May 2013 in order to provide the best possible overview of the recommendations with which RIAS A/S fully complies and

the recommendations which the Company has chosen not to follow or which are still in the implementation process.

#### **Work and responsibilities of the Board of Directors**

The work of the Board of Directors has been laid down in rules of procedure which are assessed at least once a year. Thus, RIAS A/S meets the recommendations for members and the rules of procedure to be aligned with the requirements of the Company. The Board of Directors holds meeting four times a year or more frequently, if required. This process ensures that Management is able to react quickly and efficiently to external factors. In the financial year 2016/17, five meetings were held, including the Company's Annual General Meeting.

#### **Composition of the Board of Directors**

The Board of Directors consists of six members of whom two are employee representatives. The board members elected at the General Meeting are elected for one year at a time.

The Board of Directors has considered the personal capacity of each board member and finds that they perform their work on the Board of RIAS A/S in an appropriate manner – despite the fact that none of the board members elected at the General Meeting are independent as defined by the recommendations.

#### **Executive Board**

The Executive Board is appointed by the Board of Directors, and the Board of Directors determines the employment terms of the Executive Board. The Executive Board is responsible for the day-to-day operation of RIAS A/S, including the Company's development and results of activities and operations as well as internal affairs. The Board of Directors' delegation of responsibilities to the Executive Board has been laid down in the Company's rules of procedure and by the rules of the Danish Companies Act. The Executive Board of RIAS A/S consists of one person.

#### **Remuneration to the Board of Directors and the Executive Board**

The Board of Directors has adopted a very simple remuneration policy for both the Board of Directors and the Executive Board. The remuneration policy does not comprise any incentive programmes or other variable components.

The Board of Directors of RIAS A/S is not comprised by any bonus or option schemes.

The total annual remuneration to the Board of Directors is approved by the General Meeting in connection with the adoption of the Annual Report.

In 2016/17, the remuneration to the Executive Board consisted of a base salary including the usual benefits such as company car and telephone. The employment terms of the Executive Board, including remuneration and resignation terms, are considered in accordance with the general standards for such positions.

#### **Audit Committee**

The Board of Directors of RIAS A/S also acts as Audit Committee.

The overall purpose of the Audit Committee is to minimise the risk of material misstatement of financial information – internally and externally. In practice, this is done by analysing the internal control environment, financial reporting, audit, accounting policies applied and presentation of interim financial statements and financial statements in general.

The Audit Committee focuses on a continued development of the control environment and a continuous assessment of procedures and financial and accounting issues of material importance to the financial information. The external auditors may be called in to participate in a meeting with the Audit Committee. Four meetings were held in 2016/17.

#### **Statutory Statement on Corporate Social Responsibility under section 99(a) and (b) of the Danish Financial Statements Act**

RIAS A/S wants to carry on its activities in a responsible manner and continuously works on creating a linkage between the Company's strategy and responsibility with respect to the society in which the Company operates. For RIAS A/S, the work relating to corporate social responsibility is an ongoing process, and in 2016/17 the Company continued to focus on such work and to structure the required internal processes.

Based on an assessment of materiality, the Company is working on areas such as staff, environment, suppliers and anti-corruption. On the next page, we describe the overall policy for how the policy has been turned into action and, where possible, what has been achieved.

#### **Social conditions**

Securing good social conditions for the employees is a focus area of the Company. Follow-up on sickness absence is made

# Management's Review

## Shareholder Information and Corporate Governance

on a monthly basis in order to improve health and safety at work, and the Company is generally working at ensuring an optimum working environment.

The result of the employee survey conducted in 2016 showed clear improvements in all areas addressed.

In cooperation with a group of employees from different departments, Management is focusing on addressing social conditions and working environment.

### Environment

The Company's impact on the environment is limited and mainly consists of PVC waste from products and CO<sub>2</sub> consumption related to the Company's buildings. The Company is making a targeted effort to reduce the environmental impact from PVC waste, and the Company cooperates with the Wuppi organisation which collects and disposes of PVC waste in a sustainable way. RIAS's share is included together with other plastic distributors in Denmark. No specific figures per distributor are available and, therefore, we are not able to state any result.

The Company has current focus on reducing energy consumption in inventories, production and administration. Efforts are made to reduce heat consumption by optimising the existing plant. It is, however, not yet possible to measure the effect.

### Suppliers and human rights

The Company typically enters into long-term supplier relations, and the suppliers are primarily located in Europe. Apart from financial and quality assessments, the overall assessment of a supplier also includes an assessment of whether the supplier shows general social responsibility, including that the supplier does not use child labour etc. All suppliers are requested to fulfill a Supplier Compliance questionnaire once a year which among other issues includes questions in regards to human rights. In the fiscal year only suppliers who fulfill the requirements has been used.

### Anti-corruption

The Company has implemented a whistleblower hotline where employees have the possibility of informing impartial persons in a law firm about breach or suspicion of breach of law, including corruption or cartel formation. The hotline has not received any calls in 2016/17. The management has also not via other ways been informed about issues relating to corruption.

All new employees must conduct an online training in Antitrust and Anti-Corruption within the first 3 months of their employment and all employees are frequently being updated in Antitrust and Anti-Compliance.

In the fiscal year all new employees have conducted the online training and the company has conducted one online compliance training sessions for all employees who could be disposed to corruption or antitrust issues in their daily work. Compliance is also a topic in all board meetings. ry or are aware of such issues.

### Policy on the composition of the Board of Directors and the Executive Board

The members of the Board of Directors are elected based on their overall competences; however, it is also the aim of the Board of Directors to have a more equal gender composition on the Board of Directors and to have 15% female representation on the Board within 4 years. Currently the board of directors consists of 4 members, all of whom are men. The current board of directors are on election every year but during last election no suitable women was found and therefore no changes has been done. As the registered Executive Board consists of only one member at present, no target for gender composition has been set for the Executive Board.

It is the staff policy of RIAS A/S that the ratio of women in other management bodies is to be increased.

RIAS A/S intends to take the following action to obtain a more equal gender composition in the other management bodies:

- Work towards having minimum 25% female managers in the Company with in four years. This is done by using recruiting companies to find the best suited candidates and make sure that possible candidates also includes women. In 2016/17 one person has been replaced in the management team. A recruiting company was used in this process and one woman was hired. End 2016/17 the ratio of women in the management team is 20% and therefore stable compared to last year.
- Make the Company attractive to executives of both genders, eg by ensuring a staff policy which promotes the career opportunities of women and men.
- Create a framework for the career development of the individual person through networks with executives in other companies.

### Share capital

The Company's share capital of DKK 23,063k is distributed on DKK 3,125k A-shares and DKK 19,938k B-shares.

The A-shares, which are non-negotiable, carry 10 votes per DKK 100 share, see clause 11 of the articles of association. The B-shares, which are negotiable, carry 1 vote per DKK 100 share, see clause 11 of the articles of association.

The B-shares are listed on NASDAQ Copenhagen, and at 30 September 2017 the price corresponding to the market price of the B-shares was DKK 85.7 million.

The Company has more than 200 shareholders registered by name.

The following shareholders have stated that they own 5% or more of the total capital: thyssenkrupp Facilities Service GmbH, Germany, a nominal amount of DKK 3,125,000 A-shares and a nominal amount of DKK 9,363,000 B-shares, corresponding to 54.15% of the total capital. thyssenkrupp Facilities Service GmbH holds 79.34% of the votes.

SmallCap Danmark A/S, a nominal amount of DKK 5,772,800 B-shares, corresponding to 25.03% of the total capital. SmallCap Danmark A/S holds 11.28% of the votes.

The Board of Directors and the Executive Board do not hold any shares in the Company.

According to authorisation of the General Meeting, the Company may acquire treasury shares for up to 10% of the share capital until 18 January 2018. The purchase price for these shares cannot deviate by more than 10% from the market price from time to time.

### "Change of control" clauses

The Company has an agreement with thyssenkrupp about the use of SAP. If the control of the Company changes due to an implemented takeover bid, the Company expects however to be able to reestablish an appropriate new agreement about the use of SAP in such a situation.

In case of a takeover bid, the period of notice will be extended by six months to the Executive Board.

# Management's Review

## Shareholder Information and Corporate Governance

### Amendment of the articles of association

An amendment of the Company's articles of association requires that 2/3 of the share capital is represented at the General Meeting and that the proposed amendment is adopted by both 2/3 of the votes cast and of the share capital represented at the General Meeting.

### Annual General Meeting

The Annual General Meeting will be held on 24 January 2018, at 10.00 am CET, at the Company's address, Industrivej 11, Roskilde, Denmark.

### Proposals for the General Meeting:

- The Board of Directors proposes that for the financial year 2016/17 dividend be distributed to the shareholders in the amount of DKK 20 per DKK 100 share of the share capital at 30 September 2017 of DKK 23,063,000, corresponding to a total proposed dividend of DKK 4,612,600.
- The Board of Directors proposes to the General Meeting that the present elected board members be reelected.
- The Board of Directors proposes to the General Meeting that PricewaterhouseCoopers be reelected.

### Expected Stock Exchange Announcements in 2017/18

RIAS A/S expects to publish the following Stock Exchange Announcements:

- |                   |  |
|-------------------|--|
| 13 December 2017: | Announcement of financial results 2016/17        |
| 24 January 2018:  | Announcement of interim results                  |
| 24 January 2018:  | Annual General Meeting                           |
| 16 May 2018:      | Announcement of results for the first six months |
| 22 August 2018:   | Announcement of interim results                  |

### Contact person – Investor relations

Inquiries concerning investor relations and the share market may be directed at:  
Henning Hess, CEO  
Telephone: +45 46 77 00 00  
E-mail: hh@rias.dk

## Company information

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Website: [www.rias.dk](http://www.rias.dk)  
Email: [info@rias.dk](mailto:info@rias.dk)  
VAT no.: 44065118  
Founded: 1 February 1959  
Municipality of registered office: Roskilde

### Board of Directors

Jürgen Westphal	(Chairman)
Steen Raagaard Andersen	(Vice-chairman)
Peter Swinkels	(Board Member)
Dieter Wetzel	(Board Member)
June Svendsen	(Employee Representative)
Søren Koustrup	(Employee Representative)

### Executive Board

Henning Hess, CEO

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Statement of Comprehensive Income

Statement of comprehensive income 1 October to 30 September

Amounts in DKK '000

Note		2016/17	2015/16
3	Revenue	264,429	266,244
	Production Cost	184,467	185,384
	<b>Gross profit</b>	<b>79,962</b>	<b>80,860</b>
4-5	Distribution expenses	56,674	54,879
4-5	Administrative expenses	14,938	17,697
	<b>Profit before financial income and expenses</b>	<b>8,350</b>	<b>8,284</b>
6	Financial income	208	166
7	Financial expenses	590	546
	<b>Profit before tax</b>	<b>7,968</b>	<b>7,904</b>
8	Corporation tax	-1,773	-1,657
	<b>Net profit for the year</b>	<b>6,195</b>	<b>6,247</b>
	Other comprehensive income	0	0
	<b>Total comprehensive income</b>	<b>6,195</b>	<b>6,247</b>
9	<b>Earnings per share</b>		
	Earnings per DKK 100 share	<b>26.86</b>	<b>27.09</b>
	Earnings per DKK 100 share, diluted	<b>26.86</b>	<b>27.09</b>

# Balance sheet

Balance sheet assets at 30 September

Amounts in DKK '000

Note		2017	2016
	<b>Assets</b>		
	<b>Non-current assets</b>		
10	<b>Intangible assets</b>		
	Goodwill	53,085	53,085
	Customer relations	400	463
	Software	3,306	4,351
		<b>56,791</b>	<b>57,899</b>
11	<b>Property, plant and equipment</b>		
	Land and buildings	32,785	33,533
	Plant and machinery	6,034	6,438
	Other fixtures and fittings, tools and equipment	2,244	2,444
		<b>41,063</b>	<b>42,415</b>
	<b>Total non-current assets</b>	<b>97,854</b>	<b>100,314</b>
	<b>Current assets</b>		
12	Inventories	26,291	28,722
13	Receivables	49,845	51,758
	Prepayments	3,783	3,514
	Cash at bank and in hand	28,658	24,776
	<b>Total current assets</b>	<b>108,577</b>	<b>108,770</b>
	<b>Total current assets</b>	<b>206,431</b>	<b>209,084</b>

# Balance sheet

Balance sheet liabilities and equity at 30 September

Amounts in DKK '000

Note		2017	2016
	<b>Liabilities and equity</b>		
14	<b>Equity</b>		
	Share capital	23,063	23,063
	Revaluation reserve	1,898	1,898
	Retained earnings	134,540	132,958
	Proposed dividend	4,613	4,613
	<b>Equity</b>	<b>164,114</b>	<b>162,532</b>
	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
15	Deferred tax	9,300	9,387
	<b>Total non-current liabilities</b>	<b>9,300</b>	<b>9,387</b>
	<b>Current liabilities</b>		
16	Trade payables and other payables	31,206	35,259
	Corporation tax	1,811	1,907
	<b>Total current liabilities</b>	<b>33,017</b>	<b>37,166</b>
	<b>Total liabilities</b>	<b>42,317</b>	<b>46,553</b>
	<b>Total liabilities and equity</b>	<b>206,431</b>	<b>209,084</b>
17	Contingencies and other financial commitments		
18-23	Other notes		

# Statement of Changes in Equity

Amounts in DKK '000

	Share capital	Revaluation reserve	Retained earnings	Proposed dividend	Total
<b>2016/17</b>					
<b>Equity at 1 October 2016</b>	<b>23,063</b>	<b>1,898</b>	<b>132,958</b>	<b>4,613</b>	<b>162,532</b>
<b>Change in equity in 2016/17</b>					
Total comprehensive income	0	0	6,195	0	6,195
Dividend paid to shareholders	0	0	0	-4,613	-4,613
Proposed dividend to shareholders	0	0	-4,613	4,613	0
<b>Total changes in equity in 2016/17</b>	<b>0</b>	<b>0</b>	<b>1,582</b>	<b>0</b>	<b>1,582</b>
<b>Equity at 30 September 2017</b>	<b>23,063</b>	<b>1,898</b>	<b>134,540</b>	<b>4,613</b>	<b>164,114</b>
<b>2015/16</b>					
<b>Equity at 1 October 2015</b>	<b>23,063</b>	<b>1,898</b>	<b>131,324</b>	<b>4,151</b>	<b>160,436</b>
<b>Change in equity in 2015/16</b>					
Total comprehensive income	0	0	6,247	0	6,247
Dividend paid to shareholders	0	0	0	-4,151	-4,151
Proposed dividend to shareholders	0	0	-4,613	4,613	0
<b>Total changes in equity in 2015/16</b>	<b>0</b>	<b>0</b>	<b>1,634</b>	<b>462</b>	<b>2,096</b>
<b>Equity at 30 September 2016</b>	<b>23,063</b>	<b>1,898</b>	<b>132,958</b>	<b>4,613</b>	<b>162,532</b>

# Cash flow statement

Amounts in DKK '000

	2016/17	2015/16
Net profit for the year	6,195	6,247
Adjustment for non-cash operating items etc:		
Tax on profit for the period	1,773	1,657
Depreciation and amortisation	3,615	3,885
Profit or loss on sale of property, plant and equipment and financial assets	0	0
Financial income	-208	-166
Financial expenses	590	546
Cash flows from operating activities before changes in working capital	<b>11,965</b>	<b>12,169</b>
Changes in inventories	2,432	1,907
Changes in receivables (and prepayments)	1,644	-2,606
Changes in trade payables and other payables	-4,052	4,534
Cash flows before financial income and expenses and tax	<b>11,989</b>	<b>16,004</b>
Financial income, paid	208	82
Financial expenses, paid	-590	-192
Corporation tax paid	-1,956	-142
<b>Cash flows from operating activities</b>	<b>9,651</b>	<b>15,752</b>
Purchase of intangible assets	0	0
Purchase of property, plant and equipment	-1,156	-4,722
Sale of property, plant and equipment	0	0
<b>Cash flows from financing activities</b>	<b>-1,156</b>	<b>-4,722</b>
Cash and cash equivalents at 30 September	-4,613	-4,151
<b>Cash flows from financing activities</b>	<b>-4,613</b>	<b>-4,151</b>
<b>Cash flows for the year</b>	<b>3,882</b>	<b>6,879</b>
<b>Cash and cash equivalents at 1 October</b>	<b>24,776</b>	<b>17,897</b>
<b>Cash and cash equivalents at 30 September</b>	<b>28,658</b>	<b>24,776</b>

# Notes

## Note 1. Accounting policies

RIAS A/S is a public limited company registered in Denmark. The Annual Report covers the period 1 October 2016 – 30 September 2017.

The Annual Report of RIAS A/S for 2016/17, which comprises Management's Review and Financial Statements for the period 1 October 2016 – 30 September 2017, is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

On 13 December 2017, the Board of Directors and the Executive Board discussed and adopted the Annual Report of RIAS A/S for 2016/17. The Annual Report will be presented to the shareholders of RIAS A/S for adoption at the Annual General Meeting on 24 January 2018.

## Basis of preparation

The Annual Report is presented in DKK rounded off to the nearest DKK 1,000.

The Annual Report is prepared under the historical cost convention.

The accounting policies described below have been applied consistently for the financial year and for the comparative figures.

## Change of accounting policies

RIAS A/S has implemented the international standards and interpretations effective for the period 1 October 2016 – 30 September 2017.

None of the new standards and interpretations have affected recognition and measurement in 2016/17; thus, profit, diluted earnings per share and balance sheet items have not been affected.

## Description of accounting policies

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction or at an approximate rate. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the

exchange rates at the balance sheet date and the rates at the date of contracting the receivable or payable or the rates in the latest Annual Report are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are translated at the exchange rates at the transaction date.

## Income statement

### Revenue

The sale of goods for resale and finished goods is recognised in revenue provided that delivery and transfer of risk have been made to the buyer before year end and provided that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and indirect taxes collected on behalf of a third party. All types of discounts provided are recognised in revenue as deductions.

### Segment reporting

The Company has one operating segment and carries on activities within two product areas:

- Sale, processing and distribution of semi-finished plastic products to all sectors of the building and construction industry (Building & Construction).
- Sale, processing and distribution of semi-finished plastic products to the industrial and the public sector (Industry).

Based on IFRS 8, "Operating Segments", and internal reporting to Management in connection with its assessment of the profit and financial position of the Company as well as allocation of resources, an operating segment has been identified with functions within sale, processing and distribution of semi-manufactured plastic products. This reflects Management's access to allocating resources and managing the organisation. Revenue is allocated to the product areas Building & Construction and Industry.

### Production Costs

Cost of sales comprises costs incurred to achieve revenue for the year. This includes direct and indirect costs for raw materials and consumables.

### Distribution expenses

Distribution expenses comprise expenses incurred for the distribution of goods sold

during the year and for sales campaigns etc conducted in the year. This includes expenses for sales staff, advertising and fair costs as well as depreciation and impairment losses.

## Administrative expenses

Administrative expenses comprise expenses incurred in the year for Management and administration, including expenses for administrative staff and office premises as well as depreciation and impairment losses. Also provisions for bad debts are included.

## Financial income and expenses

Financial income and expenses comprise interest, price/exchange gains and losses as well as impairment of securities, debt and transactions in foreign currencies. Also extra payments and repayments under the on-account taxation scheme are included.

## Tax on profit for the year

RIAS A/S is jointly taxed with all Danish companies in the thyssenkrupp Group. The current Danish corporation tax is distributed among the jointly tax companies in proportion to their taxable incomes.

The jointly tax companies are comprised by the joint taxation scheme. See note 23.

The tax for the year consists of current tax and movements in deferred tax for the year. The tax relating to the profit for the year is recognised in the income statement, whereas the tax directly relating to items recognised in equity is recognised directly in equity.

## Balance Sheet

### Intangible assets

Goodwill is recognised initially at cost in the balance sheet. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Company's cash generating units at the date of takeover.

Other intangible assets are measured at cost less accumulated amortisation and less any accumulated impairment losses. Other intangible assets are amortised on a straight-line basis over the expected useful lives, which are:

Customer relations	16 years
Software	5-10 years

# Notes

## Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Subsequent expenses, eg. to replace parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset in question when it is probable that payment will result in future economic benefits to the Company. The replaced parts are derecognised in the balance sheet and the carrying amount is transferred to the income statement. All other expenses for ordinary repair and maintenance are recognised in the income statement as incurred.

The cost of an aggregate asset is broken down by separate components which are depreciated individually if the useful lives of the individual components are not the same. Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the assets, which are:

Office and warehouse buildings	10 - 30 years
Plant and machinery	8 - 10 years
Other fixtures and fittings, tools and equipment	3 - 10 years
The residual value of office and warehouse buildings is reassessed on a current basis and is at present 40% of cost.	

Land is not depreciated.

The basis for depreciation is calculated taking into account the residual value of the asset and is reduced by any impairment losses. The residual value is determined at the date of acquisition and is reassessed annually. Where the residual value exceeds the carrying amount of the asset, depreciation ceases.

In the event of changes to the depreciation period or the residual value, the effect on depreciation is recognised prospectively as a change of accounting estimate.

Depreciation is recognised in the income statement under distribution and administrative expenses, respectively.

## Impairment of non-current assets

Goodwill is tested for impairment on an annual basis, for the first time before the end of the year of acquisition.

The carrying amount of goodwill is tested for impairment in the cash-generating unit to which the goodwill has been allocated and is written down to the recoverable amount over the income statement if the carrying amount is higher than the recoverable amount. The recoverable amount is stated as the net present value of future net cash flows from the enterprise or the activity (cash-generating unit) to which the goodwill is allocated.

The carrying amounts of other non-current assets are reviewed on an annual basis to determine whether there is any indication of impairment. If so, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the fair value of the asset less estimated costs to sell and value in use.

Value in use is calculated as the net present value of expected future cash flows from the asset or the cash-generating unit of which the asset forms part.

Impairment losses are recognised where the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under distribution and administrative expenses, respectively. Impairment of goodwill is recognised on a separate line in the income statement.

Impairment of goodwill is not reversed. Impairment of other assets is reversed to the extent that assumptions and estimates underlying the impairment change. Impairment losses are reversed only where the new carrying amount of the asset does not exceed the carrying amount that the asset would have had after depreciation if the asset had not been impaired.

## Inventories

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

The cost of goods for resale equals landed cost with addition of any customs.

The net realisable value of inventories is calculated at selling price with deduction of costs to sell and is determined allow-

ing for marketability, obsolescence and development in expected sales sum.

## Receivables

Receivables are measured at amortised cost. Provisions for bad debts are made if it is assessed that objective evidence of impairment of an individual receivable has occurred.

Impairment is calculated as the difference between the carrying amount and the expected cash flows, including the net realisable value of any security received.

## Prepayments

Prepayments are measured at cost.

## Equity

### Dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting (the time of declaration). Dividend expected to be distributed for the year is disclosed as a separate equity item.

### Reserve for revaluation

Reserve for revaluation comprises value adjustments relating to reassessment of the value of buildings in connection with transition to the Danish Financial Statements Act.

### Current tax and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet at the amount calculated on the taxable income for the year adjusted for tax on taxable incomes for prior years and for taxes paid on account.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences relating to goodwill not amortisable for tax purposes and other items in respect of which temporary differences – expect for business acquisitions - have arisen at the time of acquisition without affecting the profit for the year or the taxable income. In cases where the computation of the tax base may be made according to different tax rules, deferred tax is measured on the basis of the Management's intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are re-

# Notes

cognised under other non-current assets at the value at which they are expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax assets relating to tax liabilities are set off if the Company has a legal right to set off current tax liabilities and assets or intends to either settle current tax liabilities or assets on a net basis or to realise the assets and liabilities at the same time.

Deferred tax is measured on the basis of the tax rules and tax rates in the countries concerned that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes to deferred tax due to changed tax rates are recognised in the statement of comprehensive income for the year.

## Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Provisions are measured based on the Management's best estimate of the amount expected to be required to settle the obligation.

## Financial liabilities

Loans from credit institutions etc are recognised initially at fair value net of transaction expenses incurred. Subsequently, the financial liabilities are measured at amortised cost using the "effective interest method"; the difference between the proceeds and the nominal value is recognised in financial expenses in the income statement over the loan period.

## Leases

For accounting purposes, leases are classified as either finance leases or operating leases.

A lease is classified as a finance lease when substantially all risks and rewards of owning the leased asset are transferred to the lessee. All other leases are classified as operating leases.

Lease payments relating to operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

## Cash flow statement

The cash flow statement shows cash flows for the year broken down by operating, investing and financing activities, changes

for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated under the indirect presentation method as profit after tax adjusted for non-cash operating items, changes in working capital, interest received and paid and corporation tax paid.

Cash flows from investing activities comprise cash flows from acquisition and disposal of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities which are not included in cash and cash equivalents.

Cash flows from financing activities comprise changes to the raising of loans, repayment of interest-bearing debt as well as dividend distribution to shareholders.

Cash and cash equivalents comprise cash at bank and in hand as well as short-term special-term deposits which may easily be converted into cash and which are subject to only immaterial risks of value changes.

## Financial ratios

Earnings per share and diluted earnings per share are calculated in accordance with IAS 33.

Other ratios have been calculated in accordance with the "Recommendations and Ratios 2015" issued by the Danish Society of Financial Analysts.

## Note 2. Estimates and assessments

### The uncertainty of estimates

Calculation of the carrying amount of certain assets and liabilities requires estimates, judgements and assumptions with respect to future events.

The estimates and assumptions made are, among other things, based on historical experience and other factors which Management deems justifiable in the circumstances, but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Due to the risks and uncertainties to which the Company is subject the actual results may deviate from the estimates made.

It may be necessary to change previous estimates due to changes in the circumstances on which the previous estimates were based or due to new knowledge or subsequent events.

Estimates which are material to the financial reporting are made by, among other means, valuation and impairment test of goodwill, receivables and write-down of inventories.

### Impairment test of goodwill

In connection with the annual impairment test of goodwill, or when indication of impairment occurs, it is assessed whether the Company will be able to generate adequate positive future net cash flows to support the value of goodwill and other net assets. The carrying amount of goodwill is DKK 53 million.

Due to the nature of the business, the estimate of expected future cash flows covers many years, which naturally gives rise to uncertainty. The uncertainty relates to Management's expectations relating to future growth and the possibility of achieving the planned cost savings and optimisations.

The impairment test is described in detail in note 10.

### Write-down for inventory obsolescence

The estimation uncertainty with respect to inventories relates to write-down to net realisable value. During 2015/16 a regulation has been done due to scrapping of already written off material.

The Company continues to focus on further improvement of the inventory control which is supported by changes to the ERP system and procedures.

The write-down for obsolescence amounts to DKK 2,546k and is further described in note 12.

# Notes

Amounts in DKK '000

	2016/17	2015/16
<b>Note 3. Revenue</b>		
Revenue, Industry	177,957	175,643
Revenue, Building and construction	86,472	90,602
	<b>264,429</b>	<b>266,244</b>

Sales outside Denmark amount to 10,1% of the Company's revenue. All non-current assets are placed in Denmark.

The Group's products are mainly sold to Danish customers. Sales are distributed on a large number of different products and customers. No single customer accounts for more than 10% of total sales.

The operating segment consists of two sales departments for Building & Construction and Industry, respectively, which are supported by a number of joint functions such as purchasing, logistics and production, and the purchased products are used for re-sale in both Industry and Building & Construction. There are also a number of employees who carry out production and processing of products for both Industry and Building & Construction, and this also applies to employees in the two sales offices. Based on this, Management has assessed that RIAS A/S only has one operating segment.

## Note 4. Depreciation and amortisation

Depreciation and amortisation are included in productions cost as follows:

Depreciation of property, plant and equipment	<b>835</b>	<b>699</b>
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Depreciation and amortisation are included in distribution expenses as follows:

Amortisation of intangible assets	34	38
Depreciation of property, plant and equipment	1,526	1,981
	<b>1,560</b>	<b>2,019</b>

Depreciation and amortisation are included in administrative expenses as follows:

Amortisation of intangible assets	1,074	1,074
Depreciation of property, plant and equipment	146	93
	<b>1,220</b>	<b>1,167</b>

Total depreciation and amortisation	<b>3,615</b>	<b>3,885</b>
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## Note 5. Staff

Wages and salaries	38,328	38,162
Pensions, defined contribution plan	5,017	4,916
Remuneration to the Executive Board	2,203	1,937
Pension to the Executive Board	167	162
Fee to the Board of Directors	90	90
Other social security expenses	1,218	1,048
	<b>47,023</b>	<b>46,315</b>
Average number of fulltime employees	<b>93</b>	<b>92</b>
Number of fulltime employees at 30 September	<b>102</b>	<b>97</b>

Total remuneration to the Executive Board	2,370	2,098
Total remuneration to the Executive Board and the Board of Directors	2,460	2,189

The CEO has 1 year notice period with salary in case of a termination of the contract. In case of a take over the period is 1.5 year

## Note 6. Financial income

Interest, cash at bank and in hand, etc	93	82
Exchange gains	115	84
	<b>208</b>	<b>166</b>

## Note 7. Financial expenses

Interest, credit institutions etc	203	192
Exchange losses	387	354
	<b>590</b>	<b>546</b>

# Notes

Amounts in DKK '000

	2016/17	2015/16
<b>Note 8. Corporation tax</b>		
Current tax for the year	1,860	1,927
Deferred tax for the year	-87	-270
	<b>1,773</b>	<b>1,657</b>
22% tax calculated on profit for the year	1,753	1,739
Tax effect of non-deductible costs	20	17
Adjustment of deferred tax due to reduction of the tax rate	0	-99
	<b>1,773</b>	<b>1,657</b>
Effective tax rate	22.30%	20.96%
<b>Note 9. Earnings per share</b>		
Net profit for the year	6,195	6,247
Average number of shares, DKK 100	230,630	230,630
Earnings per DKK 100 share	<b>26.86</b>	<b>27.09</b>
Earnings per DKK 100 share, diluted	<b>26.86</b>	<b>27.09</b>

# Notes

Amounts in DKK '000

<b>Note 10. Intangible assets</b>	<b>Goodwill</b>	<b>Customer relations</b>	<b>Software</b>	<b>Total</b>
Cost at 1 October 2016	53,085	1,000	23,624	77,709
Additions for the year	0	0	0	0
<b>Disposals for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cost at 30 September 2017</b>	<b>53,085</b>	<b>1,000</b>	<b>23,624</b>	<b>77,709</b>
Amortisation at 1 October 2016	0	-537	-19,273	-19,810
Amortisation for the year	0	-63	-1,045	-1,108
Reversed depreciations on the disposals of the year	0	0	0	0
<b>Amortisation at 30 September 2017</b>	<b>0</b>	<b>600</b>	<b>-20,318</b>	<b>-20,918</b>
<b>Carrying amount at 30 September 2017</b>	<b>53,085</b>	<b>400</b>	<b>3,306</b>	<b>56,791</b>
Cost at 1 October 2015	53,085	1,000	23,624	77,709
Additions for the year	0	0	0	0
<b>Disposals for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cost at 30 September 2016</b>	<b>53,085</b>	<b>1,000</b>	<b>23,624</b>	<b>77,709</b>
Amortisation at 1 October 2015	0	-475	-18,223	-18,698
Amortisation for the year	0	-62	-1,050	-1,112
Reversed depreciations on the disposals of the year	0	0	0	0
<b>Amortisation at 30 September 2016</b>	<b>0</b>	<b>-537</b>	<b>-19,273</b>	<b>-19,810</b>
<b>Carrying amount at 30 September 2016</b>	<b>53,085</b>	<b>463</b>	<b>4,351</b>	<b>57,899</b>

## Impairment test

### Goodwill

The most material intangible asset is goodwill of DKK 53,085k, which is attributable to the acquisitions of the activities in Rodena A/S and Nordic Plastic A/S. At 30 September 2017, Management tested the carrying amount of goodwill for required write-down for impairment based on the allocation made to the cash-generating unit of the cost of goodwill. In Management's opinion, RIAS A/S has only one cash-generating unit, which is the legal entity.

Amounts in DKK '000

	<b>2017</b>	<b>2016</b>
RIAS A/S	53,085	53,085

The recoverable amount is based on the value in use determined by using expected net cash flows on the basis of approved budgets as well as substantiated projections for the remaining period.

### Key assumptions

Revenue estimate for the budget period is based on approved budget and forecast for the next three years based on Management's experience and expectations for the future. Revenue growth in the budget and forecast periods is based on expectations for an increase in revenue of 9% which will, among other things, be achieved through our activities in Sweden, where we can see that the market is growing. Despite decreasing revenue in the Building and Construction Division in the financial year, Management expects to be able to maintain the current revenue going forward.

A growth rate of 2% is estimated for years 4 and 5, as well as a growth rate of 2% in the terminal period (2015/16: 2%). In Management's assessment, this is a realistic level of growth for the building and construction market as well as the industrial sector in which RIAS A/S is operating. EBIT is estimated with a steady increase from the current level of DKK 8.4 million to DKK 13.4 million in the terminal period. The increase is attributable to increased sales, see above, increased efficiency and cost savings, which are achieved through improved utilisation of IT systems and focus on improved use of the Company's resources. These measures were initiated already in 2016/17.

A discount rate of 8.01% (2015/16: 8.2%) has been applied as, in Management's assessment, this is in line with the risk profile of RIAS A/S. The discount rate has decreased as a result of the development in the risk-free interest rate.

### Sensitivity analysis

The difference between the calculated recoverable amount, DKK 170.1 million, and the carrying amount of equity, DKK 164.1 million, is DKK 6.0 million.

In Management's assessment, the discount rate may increase to 8.27%, and Management is monitoring the development in the risk-free interest rate closely. Another key assumption of the impairment test is our expectations for an increase in EBIT to DKK 13.4 million in the terminal period. EBIT may decrease to DKK 12.9 million in the terminal period before write-down for impairment is required.

# Notes

Amounts in DKK '000

	Land and buildings	Plant and machinery	Other fixtures and fittings tools and equipment	Total
<b>Note 11. Property, plant and equipment</b>				
Cost at 1 October 2016	61,906	17,481	22,226	101,613
Additions for the year	0	684	472	1,156
Disposals for the year	0	0	0	0
<b>Cost at 30 September 2017</b>	<b>61,906</b>	<b>18,165</b>	<b>22,698</b>	<b>102,769</b>
Depreciation at 1 October 2016	-28,373	-11,043	-19,782	-59,198
Depreciation for the year	-748	-1,088	-672	-2,508
Reversed depreciation on disposals for the year	0	0	0	0
<b>Depreciation at 30 September 2017</b>	<b>-29,121</b>	<b>-12,131</b>	<b>-20,454</b>	<b>-61,706</b>
<b>Carrying amount at 30 September 2017</b>	<b>32,785</b>	<b>6,034</b>	<b>2,244</b>	<b>41,063</b>

Cost at 1 October 2015	61,906	13,745	21,240	96,891
Additions for the year	0	3,736	986	4,722
Disposals for the year	0	0	0	0
<b>Cost at 30 September 2016</b>	<b>61,906</b>	<b>17,481</b>	<b>22,226</b>	<b>101,613</b>
Depreciation at 1 October 2015	-27,626	-10,091	-18,708	-56,425
Depreciation for the year	-747	-952	-1,074	-2,773
Reversed depreciation on disposals for the year	0	0	0	0
<b>Depreciation at 30 September 2016</b>	<b>-28,378</b>	<b>-11,043</b>	<b>-19,782</b>	<b>-59,198</b>
<b>Carrying amount at 30 September 2016</b>	<b>33,533</b>	<b>6,438</b>	<b>2,444</b>	<b>42,415</b>

<b>Note 12. Inventories</b>	<b>2017</b>	<b>2016</b>
Inventories are specified as follows:		
Goods for resale	28,355	30,896
Work in progress	482	748
<b>Inventories at 30 September</b>	<b>28,837</b>	<b>31,644</b>
Write-down at 1 October	-2,922	-3,097
Reversed write-down made in previous years	376	175
Write-down for the year	0	0
<b>Write-down at 30 September</b>	<b>-2,546</b>	<b>-2,922</b>
	<b>26,291</b>	<b>28,722</b>

Adjustments relating to write-down of inventories are included in Production Costs.

# Notes

Amounts in DKK '000

## Note 13. Receivables

	2017	2016
Trade receivables	48,519	49,187
Receivables from group enterprises	2	1,833
Other receivables	1,337	738
	<b>49,858</b>	<b>51,758</b>

Insured trade receivables	36,766	37,629
Trade receivables not insured	12,185	11,940
<b>Trade receivables at 30 September</b>	<b>48,951</b>	<b>49,569</b>

Provisions for bad debts are specified as follows:

Provisions at 1 October	-382	-248
Realised in the year	138	85
Reversed	0	2
Provisions for the year	-186	-221
<b>Provisions at 30 September</b>	<b>-430</b>	<b>-382</b>

Moreover, trade receivables which are overdue at 30 September but not provided for are included as follows:

Period overdue:		
Up to 30 days	2,199	2,126
Between 30 and 90 days	929	527
More than 90 days	655	202
	<b>3,783</b>	<b>2,855</b>

Including insured receivables of	1,980	1,875
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Provisions for bad debts are made on a current basis. Adjustments to the provisions are included in distribution expenses.

# Notes

## Note 14. Equity

### Share capital

The Company's share capital of DKK 23,063k is distributed on DKK 3,125k A-shares and DKK 19,938k B-shares. The share capital is fully paid up. The A-shares, which are non-negotiable, carry 10 votes per DKK 100 share, see clause 11 of the articles of association.

The B-shares, which are negotiable, carry 1 vote per DKK 100 share, see clause 11 of the articles of association.

### Capital management

RIAS A/S assesses on a current basis the need to adjust the capital structure to balance the high requirements to return on equity against the increased uncertainty related to loan capital. The equity share of total assets was 80% at 30 September 2017 (30 September 2016: 78%). The solvency ratio target is 70-80%.

The target for return on equity is 8-10%. Realised return on equity before tax was 5% in 2016/17 (2015/16: 5%).

It is RIAS A/S's dividend policy that the shareholders should earn a return on their investments in the form of price increases and dividend which exceed a risk-free bond investment. Payment of dividend should be made with consideration to the required consolidation of equity as basis for the Company's continued expansion.

### Dividend

Dividend of DKK 4,613k (2015/16: DKK 4,613k) is proposed, corresponding to dividend per share of DKK 20 (2015/16: DKK 20).

On 25 January 2017, RIAS A/S paid dividend to its shareholders of DKK 4,613k (2015/16: DKK 4,151k), corresponding to dividend per share of DKK 20 (2015/16: DKK 20).

The distribution of dividend to the shareholders of RIAS A/S has no tax consequences for RIAS A/S.

	Amounts in DKK '000	
	2017	2016
<b>Note 15. Deferred tax</b>		
Balance at 1 October	9,387	9,657
Adjustment for the year of deferred tax	-87	-270
<b>Balance at 30 September</b>	<b>9,300</b>	<b>9,387</b>
Deferred tax relates to:		
Buildings	4,630	4,596
Operating equipment	457	413
Intangible assets	4,070	4,311
Other temporary differences	143	67
	<b>9,300</b>	<b>9,387</b>

# Notes

Amounts in DKK '000

	2017	2016
<b>Note 16. Trade payables and other payables</b>		
Trade payables	11,589	14,513
Payables to group enterprises	122	302
Accrued VAT	4,800	4,404
Holiday pay obligation	4,654	4,919
Accrued promotion expenses	7,390	7,362
Other payables	2,651	3,759
	<b>31,206</b>	<b>35,259</b>

The Company has no payables to the Parent Company.

## **Note 17. Contingencies and other financial commitments**

The Company is a party to a few pending complaints. In the Management's opinion, the outcome of these complaints will not affect the Company's financial position except for the receivables and commitments, which have been recognised in the balance sheet at 30 September 2017.

### **The Company as lessee**

The Company leases properties and operating equipment under operating leases.

The lease term is typically a period of between two to six years with the possibility of extension after expiry. Under the terms of the leases there are no conditional lease payments.

Payments under interminable operating leases appear as follows:

	2017	2016
0-1 year	3,103	3,545
1-5 years	1,276	2,067
	<b>4,379</b>	<b>5,612</b>

For 2016/17 DKK 4,969 has been recognised in the Company's income statement. (2015/16: tkr. 4.596)

<b>Note 18. Fees to auditors appointed at the General Meeting</b>	2017	2016
PWC:		
Statutory audit	380	375
Tax advisory services	52	32
Non-audit services	127	286
	<b>559</b>	<b>693</b>

Fee for Non-audit services delivered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab consists of general accounting and tax advice.

# Notes

## Note 19. Financial risks

### Financial risks

The Company does not speculate in financial risks, and the Company's management of such exposures focuses exclusively on managing financial risks that are a direct consequence of the Company's operations and financing.

The Company has no derivative financial instruments.

### Interest rate risks

The Company does not enter into interest rate positions to hedge against interest rate exposures as moderate changes in the interest rate level will have no material effect on the Company's earnings and equity. The sensitivity to interest rate risks is low and mainly relates to cash at bank and in hand and overdraft facilities. Optimisation is currently made to ensure that deposits are set off against drawings on overdraft facilities thus minimising interest expenses.

### Credit risks

The Company's credit risks relate to trade receivables which arise when the Company carries through sales in respect of which prepayments are not received. The Company's policy for assuming credit risks implies that all customers are credit rated upon creation and on a current basis. If the credit rating of the customer is not satisfactory, separate security in respect of the sale is required. The primary instrument to hedge unsecured payments is to take out credit insurance which covers up to 90% of the total receivable exclusive of VAT. Credit insurance is taken out with Euler Hermes credit insurance. If credit insurance cannot be taken out in respect of a customer, the customer is carefully assessed based on internal credit limits, or prepayment is requested.

The management of the credit exposure is based on internal customer credit limits. The credit limits are determined on the basis of the creditworthiness of the customers with consideration to the current market situation.

Provisions for bad debts are made to the extent necessary.

Non-insured trade receivables amounts to 12,185

Only banks with low risk are being used.

Amounts in DKK '000		
Classes of financial assets and liabilities	2016/17	2015/16
<b>Financial assets:</b>		
Lending and receivables	49,845	51,758
Cash at banks	28,658	24,776
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	30,687	34,817

### Foreign exchange risks

The Company is only to a limited extent exposed to the development in foreign exchange. Almost all trading takes place in DKK or EUR. As the foreign exchange risk relating to DKK/EUR is considered very low, the Company does not hedge its net debt in foreign currency.

### Liquidity risks

The Company's liquidity reserve consists of cash holdings. The Company's aim is to have adequate liquidity resources to be able to carry on appropriate operating activities in case of liquidity fluctuations.

The Company only has debt which falls due within one year, cf. the balance sheet. The payment of this debt, DKK 33 million, can be fully covered by payments from receivables.

# Notes

## Note 20. Related parties and related party transactions

Controlling interest: thyssenkrupp Facilities Services GmbH, which holds all the A-shares of RIAS A/S, exercises control over the Company.

RIAS A/S has registered the following shareholders as holding 5% or more of the share capital:

- 54.15% thyssenkrupp Facilities Services GmbH

### Other related parties:

The Company's related parties comprise the Company's Board of Directors and the Executive Board and family members of these persons. Moreover, related parties include the thyssenkrupp Group.

There have been no transactions with the Board of Directors, the Executive Board, senior officers, significant shareholders or other related parties, except for the payment of remuneration, including legal assistance.

The Annual Report of the ultimate Consolidated Financial Statements in which RIAS A/S is included as a subsidiary may be obtained from: thyssenkrupp AG, thyssenkrupp Allee 1, 45143 Essen, Germany, or may be obtained at: <http://www.thyssenkrupp.com/en/investor/index.html>

	Amounts in DKK '000	
	2016/17	2015/16
Trade with companies in thyssenkrupp:		
Other related parties		
Other income	1,780	1,833
Sale of goods and services	7	77
Purchase of goods and services	5,121	3,865
There are no transactions with the Parent Company		
Payables to companies in thyssenkrupp	122	214
Receivables with companies in thyssenkrupp	7	1,833
Key management personnel		
Legal assistance from Lund Elmer Sandager (Board Member)	236	214

## Note 21. Subsequent events

No material events have occurred after 30 September 2017.

## Note 22. Accounting regulation

A number of new IFRS standards and interpretations have been issued which are not yet mandatory for RIAS A/S at the time of preparation of the Annual Report for 2016/17, including IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases.

Management has investigated the effect of implementation of the standards mentioned.

IFRS 9, "Financial Instruments", becomes effective for financial years beginning on or after 1 January 2018 and will thus apply to RIAS as from financial year 2018/19. The standard is not expected to have material influence on the financial statements going forward.

IFRS 15, "Revenue from Contracts with Customers", was issued in May 2014 and amended in April 2016. It becomes effective for financial years beginning on or after 1 January 2018 and will thus apply to RIAS as from financial year 2018/19. The standard is not expected to have material influence on the financial statements going forward.

IFRS 16, "Leases", was issued in January 2016 and becomes effective at 1 January 2019. The standard regulates the accounting treatment of leases and is expected to influence the financial statements as recognition of leased building and minor assets is expected. See note 17.

## Note 23. Contingent liabilities

The Company is jointly and severally liable for the tax on the Danish jointly taxed income. thyssenkrupp Elevator A/S acts as administration company in the Danish joint taxation. Accrued corporation tax in the Danish joint taxation amounts to DKK 7,388k at 30 September 2017.

# Management's statement

## Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of RIAS A/S for 2016/17.

The Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2017 and of the results of the Company operations and cash flows for the financial year 1 October 2016 – 30 September 2017.

In our opinion, Management's Review provides a true and fair account of the development of Company's activities and financial

circumstances, the profit for the year, cash flows and financial position as well as a description of the most material risks and uncertainties that may affect the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Roskilde, the 13th of December 2017

## DIREKTION



Henning Hess  
CEO

## BESTYRELSE

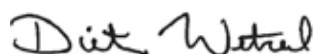
Jürgen Westphal  
Chairman



Steen Raagaard Andersen  
Vice-chairman



Peter Swinkels  
Board Member



Dieter Wetzel  
Board Member



June Svendsen  
Employee representative



Søren Koustrup  
Employee representative

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for some it is just plastic  
- for us it represents 100,000 opportunities

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