

PKC Wiring Systems Oy

Financial Statements 1.4.2018-31.3.2019

Report by the Board of Directors and Financial Statements

Report by the Board of Directors	3
Income Statement	5
Balance Sheet	6
Operating Environment	7
Basis of Preparation and Accounting Policies	7
Notes to the Financial Statements	9
Board of Directors' Proposal for Profit Distribution	17
Signatures of Report by the Board of Directors and Financial Statements	17
The Auditor's Note	17
List of Accounting Books	18
Attachment: Auditor's Report	

The financial statements is archived for at least 10 years after the end of the financial year (KPL 2:10). Supporting documentation of the financial year shall be archived for at least 6 years from the end of the year in which the financial year has ended.

Report by the Board of Directors 1.4.2018-31.3.2019

PKC Wiring Systems Oy leads and supports its subsidiaries business.

PKC Wiring Systems Oy's business has consisted of provision of services provided to other group companies.

Net Sales and Profitability

Net sales of PKC Wiring Systems Oy totalled EUR 2.0 million (EUR 2.7 million), down by 25.5 % compared to previous year. Company's net sales consist of intra-group service sales.

At the end of the financial year company's equity ratio was 26.0% (17.2%). Return on equity (ROE) was 52.0% (-28.0%) and return on investment (ROI) 13.0% (6.9%).

Personnel

The company had an average payroll of 23 (27) during the financial year. At the end of the financial year personnel totalled 24 (25) employees.

Total amount of financial year's staff expenses was EUR 2.3 million (EUR 3.5 million).

Company's Management and Auditors

PKC Wiring Systems Oy's President & CEO is Pankaj Mital.

Company's Board of Directors consisted of Juha Torniaainen (chairman) until 21.6.2018, Perttu Hankonen until 2.10.2018, Sanna Raatikainen, Matti Yli-Olli since 21.6.2018 (chairman since 21.6.2018) and Jani Kiljala since 2.10.2018.

The company's auditors are Ernst & Young Oy, with principal responsibility APA Jari Karppinen.

Estimated Future Outlook

PKC Wiring Systems Oy's activities continues as the parent company Wiring Systems business. Company manages and supports the Company's subsidiaries.

The Board of Directors Proposal for the Profit Distribution

Company's distributable funds are EUR 87.5 million, of which EUR 36.9 million is distributable as dividends. The Board of Directors will propose to the general meeting that no dividend will be distributed.

Key Indicators for Company's Financial Position and Result

EUR 1,000 (unless otherwise noted)	2013	2014	2015	2016	2017-2018	2018-2019
Net sales	2 405	3 869	3 718	3 301	2 689	2 002
Operating profit/loss	-5 759	-1 556	-52 619	-1 969	-2 685	-656
% net sales	-239,5	-40,2	-1415,3	-59,7	-99,9	-32,8
Return on equity (ROE), %	43,3	38,7	44,1	33,5	-28,0	52,0
Return on investment (ROI), %	15,7	13,0	14,5	11,9	6,9	13,0
Equity ratio, %	23,4	29,2	18,0	22,5	17,2	26,0

Calculation of Key Indicators

Return on equity (%) (ROE)	100 x	$\frac{\text{Profit/loss for the financial year - appropriations}}{\text{Total equity (average)}}$
Return on investment (%) (ROI)	100 x	$\frac{\text{Profit before appropriations and taxes + financial expenses}}{(\text{Total Equity} + \text{interest bearing financial liabilities}) \text{ (average)}}$
Equity ratio (%)	100 x	$\frac{\text{Total equity}}{\text{Total of balance sheet - advance payments received}}$

Income Statement

EUR	Note	1.4.2018-31.3.2019	1.1.2017-31.3.2018
Net sales	1	2 001 926	2 688 595
Other operating income	2	3 048 459	3 201 794
Staff expenses	3	-2 329 098	-3 488 796
Depreciation, amortisation and impairment	4	-633 245	-963 731
Other operating expenses	5	-2 744 028	-4 122 910
Operating profit/loss		-655 987	-2 685 048
Interest and other financial income	6	25 839 596	25 917 520
Interest and other financial expenses	6	-5 242 646	-6 942 244
Foreign exchange differences	6	19 711 406	-36 950 644
Financial income and expenses		40 308 356	-17 975 368
Profit/loss before appropriations and taxes		39 652 370	-20 660 416
Change in cumulative accelerated depreciation		3 067	-3 039
Group contribution		-10 300 000	0
Appropriations		-10 296 933	-3 039
Income taxes		-12 188	651 762
Profit/loss for the financial year		29 343 248	-20 011 693

Balance Sheet

EUR	Note	31.3.2019	31.3.2018
Assets			
Non-current assets			
Intangible assets	7	1 608 441	1 892 776
Tangible assets	7	56 228	62 261
Investments	8	58 004 035	58 004 035
Total non-current assets		59 668 704	59 959 072
Current assets			
Long-term receivables	9	265 631 995	277 923 815
Short-term receivables	10	23 994 340	18 754 662
Cash and cash equivalents		90 477	69 766
Total current assets		289 716 813	296 748 244
Total assets		349 385 517	356 707 316
Equity and liabilities			
Equity			
	11		
Share capital		210 235	210 235
Share premium account		3 095 818	3 095 818
Invested non-restricted equity fund		50 588 845	50 588 845
Retained earnings		7 595 485	27 607 178
Profit for the financial year		29 343 248	-20 011 693
Total equity		90 833 632	61 490 383
Appropriations			
Cumulative accelerated depreciation		2 667	5 733
Total appropriations		2 667	5 733
Liabilities			
Non-current liabilities	12	200 671 483	230 671 483
Current liabilities	13	57 877 736	64 539 716
Total liabilities		258 549 219	295 211 199
Total equity and liabilities		349 385 517	356 707 316

Company Information

PKC Wiring Systems Oy is a Finnish limited company, domiciled in Kempele, Finland. The registered address is Vihikari 10, 90440 Kempele. Company's business ID is 0849146-5.

The company has been since 2003 a subsidiary of PKC Group. The Group's parent company is PKC Group Ltd, business ID 0972280-0, domiciled in Helsinki, Finland.

PKC Wiring Systems Oy is the parent company of PKC Group's wiring systems business. At the close of the financial year 31.3.2019 the group included 34 companies. The figures of PKC Wiring Systems Oy and its subsidiaries are consolidated into MSSL Estonia WH OÜ's consolidated financial statements.

Of PKC Wiring Systems Oy has not been prepared separate consolidated financial statements on the basis of Accounting Act Chapter 6, § 1.

Business Description

PKC Wiring Systems Oy leads and supports its subsidiaries business. Company's net sales consist of intra-group service sales.

PKC Wiring Systems Oy's business has consisted of provision of services provided to other group companies.

Basis of Preparation

PKC Wiring Systems Oy's financial statements have been prepared in compliance with the Finnish accounting and company legislation.

Accounting Policies for the Financial Statements

Financial statement items are recorded in the accounting period to which they belong on an accrual basis.

Comparability of financial years

Financial year 1.4.2018-31.3.2019 was 12 months in length whereas the previous financial year 1.1.2017-31.3.2018 was 15 months in length. Therefore, the financial year is not fully comparable with the previous financial year.

Foreign currency items

Foreign currency transactions have been recognised during the financial period by using the exchange rate of the transaction date. Balance sheet items outstanding on the closing date of the financial period have been valued using the exchange rates of the reporting date. The exchange rate differences have been recognised in income statement.

Non-current assets

Non-current assets are measured at cost less any accumulated depreciation, amortisation and any impairment losses. Assets are depreciated/amortised on a straight-line basis during their estimated lives. The depreciation/amortisation periods are as follows:

Intangible assets	3 - 5 years
Machinery and equipment	3 - 10 years
Goodwill	5 years

The acquisition costs of non-current assets with a probable economic life of less than three years, as well as minor acquisitions have been recognized in its entirety as an expense in the period the acquisition.

Net sales

Net sales comprise the service revenue. Net sales are recognised for the period when the service is rendered.

R&D expenses

Research and development costs are expensed in the period in which they are incurred.

Lease rentals

Lease rentals have been expensed.

Pension costs

The retirement plans for employees are provided by external insurance companies. Pension payments and expenses of the financial period are based on actuarial calculations. Pension costs are expensed when the related service has been rendered.

Direct taxes

Direct taxes for the financial period have been recognised in profit or loss on an accrual basis.

1. Net sales

By market areas

EUR	2018-2019	2017-2018
Europe	1 923 951	2 574 736
of which Finland	0	40 000
North America	77 976	113 859
Total	2 001 926	2 688 595

2. Other operating income

EUR	2018-2019	2017-2018
Gains from disposal of non-current assets	0	11 854
Other income	6	15 347
Other income from associated company	106 842	0
Services to Group companies	2 941 610	3 174 593
Total	3 048 459	3 201 794

3. Staff expenses

EUR	2018-2019	2017-2018
Wages and salaries	1 891 138	2 944 299
Defined contribution pension plans	344 324	415 741
Other social security expenses	34 296	73 499
Other staff expenses	59 340	0
Total	2 329 098	3 488 796

Number of personnel

	2018-2019	2017-2018
Personnel at the end of financial year	24	25
Average number of personnel	23	27

4. Depreciation, amortization and impairment

EUR	2017-2018	2017-2018
Depreciation and amortization according to plan	633 245	963 731
Total	633 245	963 731

5. Other operating expenses

EUR	2018-2019	2017-2018
Vehicle expenses	41 616	59 562
Administrative expenses	80 899	189 854
IT and telecommunications expenses	1 332 779	1 699 689
Travelling expenses	302 611	612 312
Other items	19 546	17 463
Auditor's fees	4 400	3 750
Oursourced services	-80 852	283 210
Outsourced services from Group companies	889 709	1 091 375
Insurances	15 549	635
Rental and leasing expenses	110 134	143 240
Indirect maintenance expenses	27 638	21 821
Total	2 744 029	4 122 910

Auditor's fees (Authorised Public Accountants Ernst & Young)

EUR	2018-2019	2017-2018
Audit fees	4 400	3 750
Total	4 400	3 750

6. Financial income and expenses

Interest and other financial income

EUR	2018-2019	2017-2018
Income from subsidiary shares	8 026 790	2 792 261
Income from external companies	98 800	243 200
Interest and other financial income from Group companies	17 712 816	22 879 917
Interest and other financial income	1 190	2 143
Foreign currency gains		
from trade payables	82	1 407
from raw material derivatives	515 265	285 817
from other financial instruments	19 662 572	0
Total	46 017 516	26 204 744

Interest and other financial expenses

EUR	2018-2019	2017-2018
Interest and other financial expenses from Group companies	-5 238 865	-6 934 638
Interest and other financial expenses	-3 781	-7 606
Foreign exchange losses		
from trade payables	-2 013	-43
from raw material derivatives	-464 501	-519 683
from other financial instruments	0	-36 718 142
Total	-5 709 159	-44 180 112
Total financial income and expenses	40 308 356	-17 975 368

Group Contribution

EUR	2018-2019	2017-2018
Group contribution	-10 300 000	0
Total	-10 300 000	0

7. Intangible and tangible assets

Intangible assets

EUR	Intangible rights	Goodwill	Advance payments	Total
Acquisition cost 1.4.2018	7 124 361	394 960	193 083	7 712 404
+ Additions	0	0	327 990	327 990
+/- Reclassifications	260 582	0	-260 582	0
Acquisition cost 31.3.2019	7 384 943	394 960	260 491	8 040 394
Accumulated amortisation and impairments 1.4.2018	5 424 668	394 960	0	5 819 628
+ Amortisation	612 325	0	0	612 325
Accumulated amortisation and impairments 31.3.2019	6 036 993	394 960	0	6 431 953
Carrying amount 31.3.2019	1 347 950	0	260 491	1 608 441
Carrying amount 31.3.2018	1 699 693	0	193 083	1 892 776

Tangible assets

EUR	Machinery and equipment	Advance payments	Total
Acquisition cost 1.4.2018	1 714 725	6 677	1 721 402
+ Additions	21 565	0	21 565
- Disposals	0	-6 677	-6 677
Acquisition cost 31.3.2019	1 736 290	0	1 736 290
Accumulated depreciation and impairments 1.4.2018	1 659 142	0	1 659 142
+ Depreciation	20 920	0	20 920
Accumulated depreciation and impairments 31.3.2019	1 680 062	0	1 680 062
Carrying amount 31.3.2019	56 228	0	56 228
Carrying amount 31.3.2018	55 583	6 677	62 261

8. Investments

EUR	Shares of subsidiaries	Other shares	Total
Acquisition cost 1.4.2018	57 339 035	665 000	58 004 035
Acquisition cost 31.3.2019	57 339 035	665 000	58 004 035
Carrying amount 31.3.2019	57 339 035	665 000	58 004 035
Carrying amount 31.3.2018	57 339 035	665 000	58 004 035

Subsidiaries

	Domicile	Holding %	Vote %
PK Cables do Brasil Industria e Comercio Ltda.	Brazil	97,19	97,19
PKC Eesti AS	Estonia	100,00	100,00
PKC Group APAC Ltd.	Hong Kong	100,00	100,00
PKC Group Canada Inc.	Canada	100,00	100,00
PKC Group Mexico S.A. de C.V.	Mexico	99,90	99,90
PKC Group Poland Holding Sp. z o.o.	Poland	100,00	100,00
PKC Group USA Inc.	USA	100,00	100,00
PKC SEGU Systemelektrik GmbH	Germany	100,00	100,00
PKC Wiring Systems DOO	Serbia	100,00	100,00
Project Del Holding S.à.r.l.	Luxembourg	100,00	100,00
TKV-Sarjat Oy	Finland	100,00	100,00

9. Long-term receivables

Other receivables

EUR	2018-2019	2017-2018
Rent deposits	1 500	0
Interest-bearing loan receivables from Group companies	265 630 495	277 923 815
Total	265 631 995	277 923 815

10. Short-term receivables

EUR	2018-2019	2017-2018
Other receivables from value added taxes	74 261	66 131
Other receivables	293	0
Prepayments and accrued income	140 821	140 041
Receivables from Group companies		
Trade receivables	558 298	459 158
Prepayments and accrued income from financial items	23 220 667	18 089 332
Total	23 994 340	18 754 662

Prepayments and accrued income

EUR	2018-2019	2017-2018
from staff expenses	40 880	77 793
from other operating expenses	87 865	61 708
from derivatives	12 076	0
of value added taxes	0	540
Total	140 821	140 041

11. Equity

Restricted equity

EUR	2018-2019	2017-2018
Share capital at the beginning of the financial year	210 235	210 235
Share capital at the end of the financial year	210 235	210 235
Share premium account at the beginning of the financial year	3 095 818	3 095 818
Share premium account at the end of the financial year	3 095 818	3 095 818
Total restricted equity	3 306 053	3 306 053

Distributable equity

EUR	2018-2019	2017-2018
Invested non-restricted equity fund	50 588 845	50 588 845
Retained earnings at the beginning of the financial year	7 595 485	27 607 178
Retained earnings at the end of the financial year	7 595 485	27 607 178
Profit for the financial year	29 343 248	-20 011 693
Total distributable equity	87 527 579	58 184 330
Total equity	90 833 632	61 490 383

Statement of distributable equity

EUR	2018-2019	2017-2018
Retained earnings	7 595 485	27 607 178
Profit for the financial year	29 343 248	-20 011 693
Invested non-restricted equity fund	50 588 845	50 588 845
Total	87 527 579	58 184 330

Company shares

Company has 1,251 shares with no nominal value. Each share entitles to one vote at general meeting. All shares have the same right to dividends and company assets.

12. Non-current liabilities

EUR	2018-2019	2017-2018
Interest-bearing loans to Group companies	200 671 483	230 671 483
Total non-current liabilities	200 671 483	230 671 483

Loans falling due later than five years

EUR	2018-2019	2017-2018
Interest-bearing loans to Group companies	200 671 483	230 671 483

13. Current liabilities

EUR	2018-2019	2017-2018
Trade payables	216 798	298 774
Other liabilities	40 190	152 128
Accruals and deferred income	521 038	664 824
To Group companies		
Trade payables	57 108	125 548
Accruals and deferred income from other expenses	1 215 598	1 217 242
Other liabilities	45 527 005	61 931 635
Non interest bearing other liabilities	10 300 000	0
Total	57 877 736	64 390 150

Accruals and deferred income

EUR	2018-2019	2017-2018
from staff expenses	508 850	425 796
from taxes	12 188	0
from other expenses	0	239 028
Total	521 038	664 824

14. Commitments and other liabilities

Other liabilities

EUR	2018-2019	2017-2018
Guarantees given on own and Group companies behalf	5 576 731	5 979 821
Total	5 576 731	5 979 821

Leasing liabilities

EUR	2018-2019	2017-2018
For the current financial period	42 107	25 344
Falling due at a later time	41 507	28 845
Total	83 614	54 190

Operating lease liabilities

EUR	2018-2019	2017-2018
For the current financial period	9 563	0
Total	9 563	0

Derivative obligations

EUR	2018-2019	2017-2018
Raw material derivatives		
Nominal value	2 860 900	2 861 950
Fair value	12 076	-149 566
Total	2 872 976	2 712 384

15. Events after the financial year

There are not any events after the financial year.

Board of Director's Proposal for the Profit Distribution

Company's net profit for the financial year is EUR 29,343,248. Company's distributable equity is EUR 87,527,579 of which distributable funds are 36,9 million euros.

There are 1,251 shares with dividend rights.

The Board of Directors will propose to the general meeting that no dividend will be distributed.

Amsterdam, 21st May 2019

Matti Yli-Olli
Chairman of the Board of Directors

Sanna Raatikainen
Board member

Jani Kiljala
Board member

Pankaj Mital
CEO

Auditor's Note

A report of the audit has been submitted today.

Ernst & Young Oy
Authorised Public Accountants

Jari Karppinen
APA

List of Accounting Books

Journals	electronic archive
General ledger	electronic archive
Account payable	electronic archive
Accounts receivable	electronic archive
Payroll	electronic archive
Balance sheet book	electronic archive
Itemisations of balance sheet	electronic archive