Independent Auditor's Report on the Audit of Combined Financial Statements

To the management of Perrot Duval Holding SA, Geneva

We have been engaged to audit the accompanying combined financial statements of Infranor Holding SA and its subsidiaries and Bleu-Indim SA (together the Reporting Entity), which comprise the combined statement of financial position as at 30 April 2018 and 30 April 2017, the combined statements of profit or loss, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

Management's Responsibility

Management of Perrot Duval Holding SA is responsible for the preparation of the combined financial statements in accordance with Swiss GAAP FER. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error. The management is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the combined financial statements are free from material misstatement.

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

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

Opinion

In our opinion the accompanying combined financial statements for the years ended 30 April 2018 and 30 April 2017 give a true and fair view of the financial position, the results of operations and the cash flows of the Reporting Entity in accordance with Swiss GAAP FER.

Basis of preparation and restriction on use

We draw attention to Note "Combination principles and accounting policies" to the combined financial statements, which describes their basis of preparation, including the approach to and the purpose for preparing them. The Reporting Entity has not operated as a separate group of entities. The combined financial statements are, therefore, not necessarily indicative of the financial position and financial performance that would have been achieved if the Reporting Entity had operated as a separate group of entities, nor may they be indicative of the results of operations of the Reporting Entity for any future period. The combined financial statements have been prepared for the purpose of providing financial information on the Reporting Entity in the context of the planned sale of the Reporting Entity to Guangzhou Hao Zhi Industrial Co. Ltd., China. As a result, the combined financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

KPMG SA

F. Perrinjaquet.

Fabien Perrinjaquet
Licensed Audit Expert

Romain Guillaume
Licensed Audit Expert

Neuchâtel, 28 February 2019

Enclosure:
- Combined financial statements (combined balance sheet, combined income statement, combined statement of changes in equity, combined cash flow statement and notes)

Combined Balance Sheet

CHF 1,000	Note	30.04.18	30.04.17
Assets			
Cash and cash equivalents	1	2 866	2 094
Trade accounts receivable	2	7 307	6 068
Other receivables	3	1 175	1 517
Other receivables from related parties	24.b	1 094	1 229
Inventories	4	8 974	8 153
Prepaid expenses		670	590
Total current assets		**22 086**	**19 651**
Financial assets		193	209
Property, plant and equipment	5	6 037	5 471
Intangible assets	6	4 458	3 282
Deferred tax assets	8.a	1 365	1 460
Total non-current assets		**12 053**	**10 422**
Total assets		**34 139**	**30 073**
Liabilities and shareholders' equity			
Interest-bearing current financial liabilities	9.a	7 501	6 799
Interest-bearing current financial liabilities due to related parties	9.c	0	1 680
Trade accounts payable		3 924	3 752
Other current liabilities	10	1 322	1 287
Other current liabilities due to related parties		333	653
Accruals	11	2 012	1 917
Short-term provisions	12	392	375
Provision for income taxes		19	62
Total current liabilities		**15 503**	**16 525**
Interest-bearing non-current financial liabilities	9.b	7 140	7 436
Interest-bearing non-current loan due to related parties	9.c	11 960	8 976
Long-term provisions	13	370	286
Deferred tax liabilities	8.b	778	658
Total non-current liabilities		**20 248**	**17 356**
Total liabilities		**35 751**	**33 881**
Share capital	15	9 170	9 170
Retained earnings		(7 883)	(9 268)
Currency translation differences		(2 899)	(3 710)
Shareholders' equity		**(1 612)**	**(3 808)**
Total liabilities and shareholders' equity		**34 139**	**30 073**

Combined Income Statement

CHF 1,000	Note	17/18	16/17
Net sales		40 024	36 486
Cost of materials		(17 631)	(15 623)
Change in inventories (work in progress & finished goods)		86	(131)
Personnel costs	16	(12 907)	(12 464)
General and administrative costs	17	(912)	(820)
Sales costs	18	(1 021)	(884)
Other operating expenses	19	(2 604)	(2 874)
Other operating income		575	793
Depreciation and amortization		(1 476)	(1 274)
Management Fees to related parties		(762)	(706)
Operating Result (EBIT) *		**3 372**	**2 503**
Financial income		2	1
Financial income from related parties	24.b	35	27
Financial expenses		(658)	(588)
Financial expenses to related parties	24.b	(338)	(326)
Financial result	**21**	**(959)**	**(886)**
Profit before taxes		**2 413**	**1 617**
Taxes	7	(578)	(425)
Net Profit		**1 835**	**1 192**

* The foreign-currency gain or loss related to operational activity are accounted in Financial income or expense as mentioned in the accounting principle “Foreign-currency translation".

Combined Cash Flow Statement

Indirect method with cash and cash equivalents CHF 1,000

	Note	17/18	16/17
Net Profit		**1 835**	**1 192**
Depreciation/amortization of fixed assets		1 476	1 274
Financial result		959	886
Taxes		578	425
Change in provisions and other non-cash items		92	155
Payments out of provisions		(165)	(151)
Income taxes paid		(279)	(651)
Change in trade accounts receivable		(794)	590
Change in inventories		(295)	635
Change in other current assets		489	(871)
Change in trade accounts payable		(124)	(440)
Change in other current liabilities		(430)	709
Cash flow from operating activities		**3 342**	**3 753**
Investments in financial assets		(87)	0
Disposal of financial assets		168	0
Investments in property, plant and equipment	5	(953)	(572)
Investments in intangible assets	6	(1 563)	(1 314)
Disposal of intangible assets		0	87
Interests received		(46)	29
Cash flow used in investing activities		**(2 481)**	**(1 770)**
Increase in current financial liabilities		3 950	714
Repayment of current financial liabilities		(3 390)	(1 552)
Increase in non-current financial liabilities		205	199
Repayment of non-current financial liabilities		(824)	(595)
Increase in non-current financial liabilities from related parties		3 000	0
Repayment of current financial liabilities from related parties		(1 680)	0
Interests and other financial expenses paid		(1 055)	(953)
Dividend payment		(450)	(300)
Cash flow used in financing activities		**(244)**	**(2 487)**
Currency translation differences on cash and cash equivalents		155	(11)
Change in cash and cash equivalents		**772**	**(515)**
Cash and cash equivalents at the beginning of the year	1	2 094	2 609
Cash and cash equivalents at the end of the year	1	2 866	2 094
Change in cash and cash equivalents	**1**	**772**	**(515)**

Combined Statement of Change in Equity

CHF 1,000	Share capital (note 15)	Retained earnings	Currency translation differences	Total shareholders' equity
Balance as at 30.04.16	9 170	(10 160)	(3 496)	(4 486)
Net currency translation differences			(214)	(214)
Net profit		1 192		1 192
Dividend		(300)		(300)
Balance as at 30.04.17	**9 170**	**(9 268)**	**(3 710)**	**(3 808)**
Balance as at 30.04.17	9 170	(9 268)	(3 710)	(3 808)
Net currency translation differences			811	811
Net profit		1 835		1 835
Dividend		(450)		(450)
Balance as at 30.04.18	**9 170**	**(7 883)**	**(2 899)**	**(1 612)**

Definition of the components of equity:

- The share capital is the capital of the division Infranor's parent company, Infranor Holding S.A. (9.120 million CHF) and the capital of Bleu Indim SA (0.050 million CHF).
- Retained earnings comprise the goodwill from business acquisitions that was accounted for directly in equity in the past as well as the non-distributable reserves resulting from profits and accumulated results retained in the reporting entities. Please refer to note 6.b for more details regarding this point.
- Non-distributable reserves amounted 5.0 million CHF as of April 2018 (previous fiscal year 4.0 million CHF) and are registered in the retained earnings.
- Currency translation differences comprise all currency translation differences arising from the currency conversions of foreign reporting entities.

Notes to the Combined Financial Statement

Segment report and sales by region

Since the activities of the reporting entities are concentrated in only one segment (Automation of motion / INFRANOR GROUP) the segment reporting only comprises a split of the net sales by region.

CHF 1,000	Nets sales by region	
	17/18	**16/17**
Europe/Middle East/Africa	30 676	27 396
North and South America	3 548	3 226
Asia/Pacific	5 800	5 864
Total	**40 024**	**36 486**

Combination principles and accounting policies

General

Perrot Duval Holding S.A. ("Perrot Duval", a company listed on the SIX Swiss Exchange) and its subsidiaries (together the Perrot Duval Group) is active in automation technologies, particularly in the field of process automation (Füll Process S.A.) and industrial automation (Infranor Holding SA) respectively. Perrot Duval Holding S.A. among others holds 100% of the shares of Infranor Holding S.A. and its subsidiaries as well as 100% of the shares in Bleu-Indim S.A.

Perrot Duval has received and accepted a firm offer from the company Guangzhou Hao Zhi Industrial Co. Ltd. (Guangzhou, China) to buy its entire stake in Infranor Holding SA (along with its 11 subsidiaries) and Bleu-Indim SA. The completion of this transaction will depend on the results of the due diligence procedure performed by Guangzhou. The deal further needs to be approved by the Chinese authorities, as well as by the Shareholders of both Perrot Duval and Guangzhou.

The combined financial statements have been derived from the consolidated financial statements of Perrot Duval which have been prepared in accordance with Swiss GAAP FER. Neither Infranor Holding S.A. nor Bleu Indim SA have previously prepared stand-alone financial statements in accordance with Swiss GAAP FER.

Bleu Indim SA has been combined with the consolidation of the Group Infranor. The company holds a building which hosts a production subsidiary of Infranor Group (Mavilor Motors S.A.) in Sta.Perpetua de Mogoda (Spain).

The Infranor Group, through its parent company Infranor Holding S.A., is active in automation technologies, particularly in the field of industrial automation. The Infranor Group develops, produces and sells advanced original technological components and solutions worldwide.

In the consolidated financial statements of Perrot Duval Group, Infranor Group is presented as a separate segment. Bleu-Indim S.A. is included in "Others".

The accounting policies applied in the combined financial statements are consistent with the accounting policies applied in the Perrot Duval consolidated financial statements.

Infranor Holding SA and its subsidiaries and Bleu-Indim SA are identified hereafter as "the Reporting Entity".

Perrot Duval Holding S.A. and its remaining subsidiaries are considered as related parties in this combined financial statements and are not included.

Basis of preparation

Those combined financial statements were prepared in compliance with full Swiss GAAP FER, based on the individual financial statements of the reporting entities (as defined in paragraph "Companies included in the combination") as at 30 April 2018 which were prepared on a uniform basis and on the historical cost basis.

The combined financial statements are presented in Swiss francs (1,000 CHF).

The combined financial statements have been prepared on a going concern basis which the management of Perrot Duval Holding SA believes to be appropriate. The negative equity is mainly due to historical losses. The going concern is conditioned by maintaining the shareholder's loan presented in the caption "Interest-bearing non-current loan due to related parties" in the present combined financial statement. The management of Perrot Duval is confident for the future of the reporting entities based on the fact that the Infranor Division is profitable since the year 2009/2010.

Basis of combination

The combined financial statements – consisting in the combined statement of financial position as at 30 April 2018 and 30 April 2017, the combined statements of profit or loss, changes in equity and cash flows for the years then ended, and notes are based on the annual financial statements of the companies within the scope of combination, in accordance with Swiss GAAP FER by applying uniform accounting policies.

Combination principles

The combined financial statements cover all entities that are controlled by Infranor Holding S.A., which normally is the case when Infranor Holding S:A. holds directly or indirectly more than 50 percent of the voting rights and Bleu Indim SA. Newly acquired companies are consolidated from the date of their acquisition.

Entities controlled by Infranor Holding SA are consolidated by applying the purchase method. The assets and liabilities of newly acquired companies are recognized at fair value at the time of acquisition.

All transactions and balances between the reporting entities are eliminated in the combination. Intragroup profits generated from internal transactions between the reporting entities are eliminated.

Companies included in the combination

The following companies were fully integrated in the combination as of 30 April 2018 and 2017:

the Reporting Entities	Activity 1)	Cur-rency	Share capital	Participation 30 April 2018	Participation 30 April 2017	Year founded
Bleu-Indim S.A., CH-Freiburg	F	CHF	50,000	100.0%	100.0%	1984
Infranor Holding S.A., CH-Yverdon-les-Bains	F,S	CHF	9,120,000	100.0%	100.0%	1941
Infranor AG, CH-Zurich	E	CHF	450,000	100.0%	100.0%	1953
Infranor S.A.S., F-Lourdes	P, E	EUR	919,496	100.0%	100.0%	2005
Infranor GmbH, D-Hanau	P, E	EUR	152,000	100.0%	100.0%	1968
Infranor B.V., NL-Niew Vennep*	E	EUR	100,000	0.0%	100.0%	1986
Infranor Inc., USA-Wilmington, MA	E	USD	1,620	100.0%	100.0%	1982
Infranor Motion Control Technology (Shanghai) Co. Ltd., CN-Shanghai	E	CNY	1,478,975	100.0%	100.0%	2009
Infranor Spain S.L.U., E-Badalona	E	EUR	150,000	100.0%	100.0%	2006
Mavilor Motors S.A. E-Sta.Perpetua de Mogoda	P	EUR	135,000	100.0%	100.0%	1973
Infranor S.r.l., I-Milano	E	EUR	100,000	100.0%	100.0%	2004
Infranor Ltd., UK-Woodbridge	E	GBP	200,000	100.0%	100.0%	1983
Cybelec S.A., CH-Yverdon-les-Bains	P	CHF	250,000	100.0%	100.0%	1970
Cybelec Numerical Control Technology (Shanghai) Co. Ltd., CN-Shanghai	P	CNY	2,811,100	100.0%	100.0%	2006

1) E = Engineering and Sales P = Production, Development and Sales F = Finance S = Service

* Infranor B.V. has been deleted from the dutch company register in nomveber 2017. The business has been transferred to Infranor GmbH in Hanau, Germany.

Foreign-currency translation

The combined financial statements are presented in Swiss francs (CHF). The financial statements of the individual reporting entities are prepared in the currency of the primary economic environment in which the respective company operates (functional currency). The income statements of foreign companies are translated into Swiss francs at the average exchange rates.

The balance sheets are translated at the exchange rates that apply on 30 April, using the closing rate method. The resulting translation differences are taken to equity and are recognized in the income statement only if and when the reporting entities are disposed of.

Foreign currency transactions at reporting entities are recorded at the exchange rates in effect on the date of the transaction. Gains and losses from such transactions and from the translation of foreign currency assets and liabilities are taken to the income statement in financial expenses or financial income, with the carrying amounts in the balance sheet being translated at the exchange rate in effect at year-end. Foreign exchange differences on reporting entities loans to a foreign company which are considered as part of the net investment are recognized in equity.

The retained earnings is accounted at historical exchange rates.

The following exchange rates were used:

(CHF)	Year-end rates for the balance sheet		Average rates for the income statement	
	30.04.18	30.04.17	30.04.18	30.04.17
USD	0.9896	0.9951	0.9681	0.9925
EUR	1.1978	1.0842	1.1500	1.0812
GBP	1.3592	1.2886	1.3004	1.2791
CNY	0.1563	0.1442	0.1480	0.1462

Net sales

Revenue includes sales of machines, drives, CNC and spare parts on one side and services which can be directly charged to customers on the other side. Sales are recognized on the full completion of the delivery or service (upon delivery of products or customer acceptance in the case of "bill and hold" sales, or performance of services), net of sales taxes and discounts, and after eliminating sales within the Infranor Group and Bleu Indim SA. Sales are recognized when the benefits and risks as well as the authority to dispose of the property have been assigned to the purchaser. Net sales represent total revenues net of rebates and discounts granted after billing.

Cash and cash equivalents

Cash comprises cash on hand, postal giro account and bank deposits as well as highly liquid investments with maturities of up to three months that are convertible to cash at any time and which are subject to an insignificant risk of changes in value.

Trade accounts receivable

Trade receivables are carried in the balance sheet at nominal value less necessary valuation adjustments for doubtful debts.

Inventories and work in progress

Purchased goods and products manufactured in-house are recognized at cost. All direct and indirect expenses required for making the inventories available at their present location and in their current condition are considered as manufacturing costs. Valuation adjustment is made if the net realizable value of an item is lower than the cost of inventories calculated in accordance with the methods described above.

Inventories are measured using the weighted average cost method. An additional write-down is recognized for obsolete inventory items based on turnover frequency. Discounts received are recognized as a reduction in the purchase price.

Intragroup profits from internal deliveries are eliminated.

Property, plant and equipment

Property, plant and equipment are measured at cost less depreciation using the straight-line method over the estimated useful life: buildings and installations, 20 to 25 years; machinery and tools, industrial plants, office furniture and equipment, 5 to 15 years; motor vehicles and IT equipment, 2 to 7 years. The cost of maintaining and repairing the property, plant and equipment is charged to the income statement if it does not add future economic benefits. Finally, land are not amortized.

Leases

Lease agreements for property, plant and equipment where both the risks and the benefits incident to ownership are substantially transferred to the reporting entity (finance leases) are recognized at the lower value of the fair value of the leased asset or the present value of the future minimum lease payments at the commencement of the lease term, and are depreciated over the aforementioned estimated useful lives. The corresponding liabilities are recognized under "Current financial liabilities" or "Non-current financial liabilities" depending on whether they fall due within or after 12 months.

Payments made under "Operating leasing" are charged directly to the income statement.

Intangible assets and goodwill

This item includes mainly own product development, business software, trademarks and patents. Intangible assets are capitalized if the costs are reliably measurable and if an economic benefit to the entity over more than one year is expected. Intangible assets are measured at purchase cost less accumulated depreciation. Amortization is charged on a straight line basis. Licenses, trademarks and patents are amortized over 3 to 10 years, software over 2 to 5 years and product development over 2 to 7 years.

The book value of investments in subsidiaries has been eliminated against Infranor's share in the assets of the companies, valued at the time of acquisition. The purchase method is applied. The difference between acquisition cost and the fair value of net assets acquired (goodwill) is booked directly against shareholder's equity in the year of acquisition.

Research and development costs

Research and development costs are, in principle, recognized as expenses. If the criterias regarding recognition as an asset are met, significant development costs are recognized in the balance sheet at their purchase or production costs and depreciated over their useful life up to a maximum of seven years.

Impairment

The book value of property, plant and equipment and intangible assets is assessed on the balance sheet date for signs of impairment. If there is evidence indications of any lasting reduction value, the recoverable amount is calculated (impairment test). If the book value exceeds the recoverable amount, the difference is recognized in profit and loss via extraordinary impairment.

Financial liabilities

Financial liabilities are stated at their nominal value, they are classified as current liabilities unless the reporting entity has an unconditional right to defer the settlement of the liability for at least twelve months after the balance sheet date.

Provisions

Provisions are recognized when there is a present obligation resulting from a past event and it is probable that the reporting entity will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions also comprise pension obligations and other obligations towards employees and other liabilities with uncertain timing or amount.

Income taxes

Provisions are provided for taxes incurred on taxable profit irrespective of when such liabilities fall due for payment, after considering any tax-deductible losses carried forward.

Deferred taxes

Deferred taxes are recognized on temporary differences between the values of assets and liabilities as recognized by the tax authorities and the values as stated in the combined financial statements. Deferred taxes are calculated using the liability method on the basis of the local tax rate enacted or substantively enacted at the balance sheet date. Deferred tax assets are calculated for all deductible temporary differences, carryforward losses and tax credits if it is likely that sufficient taxable income will be available in the future. Deferred tax assets and liabilities are netted when legal regulations permit offsetting. Changes in the amounts of deferred taxes are recognized as tax expense.

Provisions are not provided for taxes that would be incurred on the distribution of retained earnings of subsidiaries, except where a distribution can be expected in the foreseeable future or where it has been decided.

Employee benefit obligations

The reporting entity has established different pension plans for its included entities. All employee benefit plans in the reporting entity comply with the legislation in force in each country. The plans in Switzerland which are the most significant are jointly financed by the employer and the employees. The contributions are fixed in the plan rules for the other countries, they are either lump sum plans or plans in collaboration with insurance which are identified as pension institutions without own assets. Dedicated calculation for provision is made based on local regulation.

The economic impact of the employee benefit plans is assessed each year. Surpluses or deficits are determined by means of the annual statements of the particular benefit plan. An economical benefit is capitalized if the surplus can be used to reduce the employer contributions and in case this is allowed under the relevant law and intended by the reporting entity. An economical obligation is recognized as a liability if the accounting conditions for a liability are met. Changes in the economic benefit or economical obligation, as well as the contributions incurred of the period, are recognized in "Personal expenses" in the income statement.

Contingent liabilities

Contingent liabilities are valued at the balance sheet date based on the agreements in place and other supporting documents. If an outflow of funds is likely, a provision is recognized.

Explanatory notes to the combined financial statements

1. Cash and cash equivalents

CHF 1,000	30.04.18	30.04.17
CHF	439	91
EUR	1 664	1 520
USD	224	184
Other currencies (GBP, CNY)	539	299
Total cash and cash equivalents	**2 866**	**2 094**

2. Trade accounts receivable

CHF 1,000	30.04.18	30.04.17
Total trade accounts receivable (gross)	7 482	6 284
./. Bad debt allowances	(175)	(216)
Total trade accounts receivable (net)	**7 307**	**6 068**

As of 30 April 2018, receivables totaling 0.2 million CHF (previous year: 0.2 million CHF) were pledged with banks as loan collateral.

Trade accounts receivable are normally due within 30 to 120 days (with a few exceptions to 180 days); in principle they are interest-free and unsecured. The risk of default is taken into account in the corresponding bad-debt allowance.

3. Other receivables

CHF 1,000	30.04.18	30.04.17
VAT recoverable, withholding taxes	467	466
Income tax receivables	410	448
Advance payments to suppliers	30	177
Other receivables	268	426
Total	**1 175**	**1 517**

The decrease of the other receivables results from a reduction of advances made to suppliers as well as the reimbursement of tax credits in 2018, booked previously in other receivables.

4. Inventories

CHF 1,000	30.04.18	30.04.17
Raw materials and supplies	5 348	4 817
Semi-finished products and work in progress	2 377	2 121
Finished products	3 283	2 976
Inventories (gross)	**11 008**	**9 914**
Valuation allowance	(2 034)	(1 761)
Inventories (net)	**8 974**	**8 153**

The inventories increase results mainly from foreign exchange rate effect impacting the global inventories by an increase of 0.7 million CHF.

5. Property, plant and equipment

CHF 1,000	Land; buildings; installations	Machinery/ tools	IT hardware	Industrial plant	Office furniture and equipment	Motor vehicles	Total 17/18
Cost							
As at 1.05.17	3 402	11 506	1 243	3 013	549	359	20 072
Additions	3	595	27	238	4	86	953
Write-off	0	(272)	(139)	(138)	(11)	(79)	(639)
Currency translation differences	128	1 183	95	306	34	13	1 759
As at 30.04.18	**3 533**	**13 012**	**1 226**	**3 419**	**576**	**379**	**22 145**
Accumulated depreciation As at 1.05.17	(2 837)	(7 896)	(1 132)	(1 932)	(513)	(291)	(14 601)
Depreciation	(65)	(514)	(58)	(206)	(11)	(43)	(897)
Write-off	0	272	138	138	11	56	615
Currency translation differences	(104)	(802)	(85)	(192)	(32)	(10)	(1 225)
As at 30.04.18	**(3 006)**	**(8 940)**	**(1 137)**	**(2 192)**	**(545)**	**(288)**	**(16 108)**
Net carrying values as at 01.05.17	565	3 610	111	1 081	36	68	5 471
Net carrying values as at 30.04.18	**527**	**4 072**	**89**	**1 227**	**31**	**91**	**6 037**
of which under finance leases	0	332	0	0	0	50	382

Previous year

CHF 1,000	Land, buildings, installations	Machinery/ tools	IT hardware	Industrial plant	Office furniture and equipment	Motor vehicles	Total 16/17
Cost							
As at 1.05.16	3 406	12 519	1 566	2 941	850	569	21 851
Additions	16	340	25	157	17	17	572
Write-off	0	(1 198)	(333)	(45)	(313)	(225)	(2 114)
Currency translation differences	(20)	(155)	(15)	(40)	(5)	(2)	(237)
As at 30.04.17	**3 402**	**11 506**	**1 243**	**3 013**	**549**	**359**	**20 072**
Accumulated depreciation As at 1.05.16	(2 757)	(8 824)	(1 413)	(1 866)	(822)	(470)	(16 152)
Depreciation	(97)	(374)	(64)	(135)	(8)	(47)	(725)
Write-off	0	1 198	333	45	313	225	2 114
Currency translation differences	17	104	12	24	4	1	162
As at 30.04.17	**(2 837)**	**(7 896)**	**(1 132)**	**(1 932)**	**(513)**	**(291)**	**(14 601)**
Net carrying values as at 01.05.16	649	3 695	153	1 075	28	99	5 699
Net carrying values as at 30.04.17	**565**	**3 610**	**111**	**1 081**	**36**	**68**	**5 471**
of which under finance leases	0	0	0	0	0	78	78

Property plant and equipment financed by finance leasing relates to machinery/tools and vehicles. All leasing agreements include an option to buy the asset at the calculated residual value, which is usually zero. The lessor has not imposed any restrictions or conditions excepted for the building owned by Bleu Indim SA which is fully pledged for an amount of 278 000 CHF as mentioned in notes 22.

There were no major commitments on investments as at 30 April 2018.

6. Intangible assets

a)

CHF 1,000	Business software	Product develop-ment	Trademarks, patents, other	Total 17/18
Cost				
As at 1.05.17	1 540	6 583	751	8 874
Additions	151	1 401	11	1 563
Write-off	(155)	0	0	(155)
Currency translation differences	23	383	1	407
As at 30.04.18	**1 559**	**8 367**	**763**	**10 689**
Accumulated amortization as at 1.05.17	(1 438)	(3 725)	(429)	(5 592)
Amortization	(55)	(495)	(29)	(579)
Write-off	155	0	0	155
Currency translation differences	(18)	(197)	0	(215)
As at 30.04.18	**(1 356)**	**(4 417)**	**(458)**	**(6 231)**
Net carrying values as at 01.05.17	102	2 858	322	3 282
Net carrying values as at 30.04.18	**203**	**3 950**	**305**	**4 458**

Previous year

CHF 1,000	Business software	Product develop-ment	Trademarks, patents, other	Total 16/17
Cost				
As at 1.05.16	2 288	5 327	734	8 349
Additions	5	1 292	17	1 314
Write-off	(748)	0	0	(748)
Currency translation differences	(5)	(36)	0	(41)
As at 30.04.17	**1 540**	**6 583**	**751**	**8 874**
Accumulated amortization as at 1.05.16	(2 076)	(3 342)	(400)	(5 818)
Amortization	(113)	(407)	(29)	(549)
Write-off	748	0	0	748
Currency translation differences	3	24	0	27
As at 30.04.17	**(1 438)**	**(3 725)**	**(429)**	**(5 592)**
Net carrying values as at 01.05.16	212	1 985	334	2 531
Net carrying values as at 30.04.17	**102**	**2 858**	**322**	**3 282**

At the balance sheet date there were no indications of possible impairment of intangible assets.

The business software comprises company-specific or commonly used systems such as ERP, CRM, financial and Internet applications.

The product development increase of 1.1 million CHF to 4.0 million CHF (2.9 million CHF as of April 2017) refer solely to self-developed new products mainly from Cybelec S.A., Mavilor Motors S.A., as well as Infranor S.A.S.

Trademark rights are purchased product trademarks which continue to be registered in the leading industrialized countries as well as licenses and patents related to purchased marketing rights for complementary third-party products and purchased patents for motion automation products. Trademark rights and marketing licenses developed within the business are not capitalized.

Financing of these developments is assured by the company's own cash flow and by financial loans.

b) Goodwill

The goodwill resulting from acquisitions is offset against equity at the time of acquisition. For the shadow accounting, the goodwill is amortised on a straight-line basis over its estimated useful life, normally five years.

The goodwill related to the acquisition of Cybelec SA on fiscal year 1989/1990, amounted to 14.1 million CHF, has been completely amortized, in the shadow accounting hereafter. So there is no gap between the effective figures for years 16/17 and 17/18 and the theoretical one including the impact of goodwill. There is no other goodwill in relation with the reporting entities.

CHF 1,000 Theoretical impact of goodwill	17/18	16/17
Cost at 01/05 and 30/04	14 075	14 075
Accumulated depreciation at 01/05 and 30/04	(14 075)	(14 075)
Net theoretical book value at 01/05 and 30.04	0	0
Impact on income statement	nil	nil
Impact on balance sheet	nil	nil

7. Income taxes

Income tax expenses

CHF 1,000	17/18	16/17
Current income tax	315	421
Deferred income tax	263	4
Total income tax expenses	**578**	**425**

The applicable weighted tax rate 2017/18 is 28.8 per cent (29.2 per cent in 2016/17). This would have led to a tax expense of 0.7 million CHF. In 2017/18, the effective tax expense amounted 0.6 million CHF (0.4 million CHF in 2016/17) which represented an effective tax rate of 24.0 per cent (26.0 per cent in 2016/17).

The difference between the effective and applicable tax result is based mainly on the use of non-capitalized tax loss carry forwards.

8. Composition of the deferred tax assets and liabilities

a) Deferred tax assets

CHF 1,000	30.04.18	30.04.17
Current assets	129	160
Non-current liabilities	90	84
Payables	91	126
Subtotal of deferred taxes on temporary differences	**310**	**370**
Deferred tax on losses carried forward / Tax credits	1 055	1 090
Total deferred tax assets	**1 365**	**1 460**

b) Deferred tax liabilities

CHF 1,000	30.04.18	30.04.17
Property, plant and equipment	38	77
Other fixed assets	637	475
Current assets	103	106
Total deferred tax liabilities	**778**	**658**
of which recognized in the balance sheet as:		
Deferred tax liabilities	(778)	(658)
Deferred tax assets	1 365	1 460
Net deferred tax assets	**587**	**802**

It is not expected that distributions by the reporting entities will generate appreciable additional tax liabilities.

The reporting entity does not make provision for taxes on possible future distributions of profits retained by the reporting entities as these amounts are treated as permanently reinvested.

The deferred tax rates correspond to the current tax rates of the reporting entities (refer note 7).

Tax losses and tax credits brought forward

As of 30 April 2018, individual reporting entities had brought forward unrecognized tax losses totaling 6.2 million CHF (previous year: 6.3 million CHF) that can be set off against taxable earnings in future financial years. Deferred tax assets on tax losses carried forward are only recognized to the extent that it is probable that future taxable profits will be available and can be utilized against the deferred tax assets. Tax losses could be used against profits of the reporting period.

Tax losses/tax credits for which no deferred taxes are capitalized

These will expire on the following dates:

CHF 1,000	17/18	16/17
Expire in 1 year	0	5
Expire in 4-7 years	2 244	1 775
No expiry date	3 966	4 480
Total	**6 210**	**6 260**

9. Financial liabilities

Bank limits were utilized by reporting entities at the end of April 2018 in the amount of 14.6 million CHF (previous year: 14.2 million CHF). As of 30 April 2018, the credit limits of all reporting entities including bank line of credit limits amounted to a total of 16.6 million CHF (18.2 million CHF in the previous year).

a) Interest-bearing current financial liabilities

CHF 1,000	30.04.18	30.04.17
Bank overdrafts	300	300
Other current financial liabilities	7 089	6 474
Total current liabilities	**7 389**	**6 774**
Obligations under finance leases, falling due within one year	112	25
Total current interest-bearing liabilities	**7 501**	**6 799**

Current financial liabilities by currency with average interest rates

CHF 1,000	30.04.18	Effective interest rates	30.04.17	Effective interest rates
CHF	3 367	2.8%	3 591	2.7%
EUR	4 134	3.9%	3 208	5.1%
Total	**7 501**	**3.4%**	**6 799**	**3.8%**

b) Interest-bearing non-current financial liabilities

CHF 1,000	30.04.18	Effective interest rates	30.04.17	Effective interest rates
CHF	4 748	2.8%	5 123	2.5%
EUR	2 392	2.9%	2 313	3.6%
Total	**7 140**	**2.8%**	**7 436**	**2.8%**

The decrease of the interest-bearing non-current financial liabilities results mainly from the fore-casted and agreed reimbursement set in place by Infranor Holding S.A.

c) Interest-bearing current and non-current financial liabilities from related parties

CHF 1,000	30.04.18	Effective interest rates	30.04.17	Effective interest rates
CHF current	0	3.0%	1 680	3.0%
Total current	**0**	**3.0%**	**1 680**	**3.0%**
CHF non-current	11 960	3.0%	8 976	3.0%
Total non-current	**11 960**	**3.0%**	**8 976**	**3.0%**
Total	11 960	3.0%	10 656	3.0%

The current loan granted by related parties amounted to 1.7 million CHF at the end of April 2017 has been totally reimbursed in November 2017.

10. Other current liabilities

CHF 1,000	30.04.18	30.04.17
Other liabilities/VAT	911	1 091
Commissions	108	64
Customers' prepayments	303	132
Total	**1 322**	**1 287**

11. Accruals

CHF 1,000	30.04.18	30.04.17
Personnel costs	1 665	1 495
Other accruals	347	422
Total	**2 012**	**1 917**

12. Short-term provisions

CHF 1,000	Warranties	Other	Total
As at 1.05.2017	364	10	375
Currency translation differences	20	1	21
Utilized	(171)	0	(171)
Provided/Reversed through profit & loss	169	0	167
As at 30.04.2018	**382**	**11**	**392**
As at 1.05.2016	363	0	364
Currency translation differences	(2)	1	(1)
Utilized	(152)	0	(152)
Provided/Reversed through profit & loss	155	9	164
As at 30.04.2017	**364**	**10**	**375**

The provisions for warranties were provided for repairs and for replacing defective products. They are based firstly on a cost estimate based on known facts, and secondly on experience, particularly with respect to the cost of further development work on newly launched products.

13. Long-term provisions

	Employee benefit obligations not financed by plan assets	
CHF 1,000	**30.04.18**	**30.04.17**
As at 1.05.N-1	286	244
Currency translation differences	32	(3)
Provided through profit & loss	52	45
As at 30.04.N	**370**	**286**

14. Employee benefit obligations

CHF 1,000	Economical part of the organisation 30.04.18	30.04.17
Pension institutions with surplus	0	0
Pension institutions without own assets	370	286
Total	**370**	**286**

Pension benefit expenses within personnel costs

CHF 1,000	Contributions related to the business period	Change in economical part compared to prior year	Total	Currency translation differences
As at 30.04.18				
Pension institutions with surplus	338	0	338	0
Pension institutions without own assets		52	52	32
Total	**338**	**52**	**390**	**32**
As at 30.04.17				
Pension institutions with surplus	358	0	358	0
Pension institutions without own assets		45	45	(3)
Total	**358**	**45**	**403**	**(3)**

There is no ECR (employer contribution reserve) in the reporting entity consistent with previous year, there were no economical obligation or benefit for the reporting entity as a result of the situation of the pensions plans.

As at 31 December 2017, the funding ratio of the Swiss pension institutions with surplus is 104.34 per cent (102.76 per cent in the previous year).

As at 31 October 2018, the funding ratio of the Swiss pension institutions with surplus is estimated to 102.1 per cent.

15. Shares and share capital

Share capital		**30.04.18**	**30.04.17**
Infranor Holding SA			
Bearer shares at a par value of CHF 500	number	18 240	18 240
Issued share capital of Infranor Holding SA as at 30.04.N	1,000 CHF	9 120	9 120
Bleu Indim SA			
Bearer shares at a par value of CHF 1,000	number	50	50
Issued share capital of Bleu Indim SA as at 30.04.N	1,000 CHF	50	50
Total	**1,000 CHF**	**9 170**	**9 170**

16. Personnel costs

CHF 1,000	17/18	16/17
Wages and bonuses	10 065	10 122
Costs capitalized	(1 352)	(1 327)
Social security	2 494	2 364
Pension expenses as per Note 15	390	403
Other personnel costs	1 310	902
Total personnel costs	**12 907**	**12 464**

17. General and administrative costs

CHF 1,000	17/18	16/17
Administrative costs	248	186
IT costs	102	88
Travel costs	138	118
Consultancy & service fees	340	329
Audit fees	84	99
Total General and administrative costs	**912**	**820**

18. Sales costs

CHF 1,000	17/18	16/17
Marketing	54	28
Exhibitions	107	92
Commissions	278	271
Representative office	6	2
Travel expenses	546	461
Miscellaneous	30	30
Total sales costs	**1 021**	**884**

19. Other operating expenses

CHF 1,000	17/18	16/17
Production and engineering expenses	1 543	1 259
Rental costs	696	983
Warranty costs	246	408
Accounts receivable losses and bad debt allowances	5	31
External R&D, trademark and patent costs	114	193
Total other operating expenses	**2 604**	**2 874**

20. Research & Development Costs

CHF 1,000	17/18	16/17
Internal engineering	1 859	2 232
External engineering	258	94
Materials, tools and miscellaneous items	79	116
Patents	72	66
Total development costs	**2 268**	**2 508**
As % of net sales	5.6%	6.9%

21. Financial Results

CHF 1,000	17/18	16/17
Interest income	2	1
Interest income from related parties	35	27
Total finance income	**37**	**28**
Interest expenses to banks and other parties	(525)	(331)
Interest expenses to related parties	(338)	(326)
Net foreign exchange losses	(13)	(81)
Bank charges	(120)	(176)
Total finance expenses	**(996)**	**(914)**
Financial result	**(959)**	**(886)**

The increase of the bank interest results mainly from the more intensive use of funds from factoring process.
The additional loan of the related party Perrot Duval Holding S.A. of 3.0 million CHF granted in November 2017, at an interest rate of 3% increased accordingly the interest expenses.

22. Pledged assets

CHF 1,000	17/18	16/17
Assignment of individual accounts receivable	229	202
Pledged assets	278	278
Total	**507**	**480**

23. Off-balance sheet obligations under operating leases and rental agreements

CHF 1,000	17/18	16/17
Obligations		
– due within one year	566	466
– due in 1 to 5 years	977	889
– due over 5 years	468	234
Total	**2 011**	**1 589**

The obligations consist mainly of rental contracts for buildings entities and leasing of production machinery used by the reporting entities.

The largest rental contract has six years to run and was drawn up for the Infranor Inc. (USA) building. The remaining rent obligation for this contract signed during the year 17/18 amounted to 0.6 million CHF (main contract for previous year was 0.4 million CHF for Cybelec S.A.) as of 30 April 2018. Besides this, the off-balance sheet obligations increase by 0.4 million CHF due to new leasing of production machinery at Mavilor Motors S.A.

24. Transactions with related parties

a) General

According to the Swiss GAAP FER related parties and organizations are:

- members of the board of directors and of the executive committee
- organizations, in which the reporting organization has a significant interest
- unit-holders of the reporting organization, who are exercising directly or indirectly, at their own or together with others, a significant influence over the organization. A voting right of 20% and more is generally considered to provide for a significant influence
- organizations, which are controlled by related parties
- pension funds

b) Specifics

Perrot Duval Holding S.A., preparing to sell all companies of the Group Infranor and Bleu Indim S.A., as well as its remaining companies, are also considered as related parties in those combined financial statements.

The main transactions with related parties are as followed:

- Management fees paid to Perrot Duval Management SA 0.8 million CHF (0.7 million CHF for year 16/17). The related open items as at 30th April 2018 and 2017 composed the "Other current liabilities from related parties".
- Loan from Perrot Duval Holding SA (to Infranor Holding SA) in the amount of 11.9 million CHF (8.9 million CHF as at 30th April 2017) and related financial expenses amounted to 0.3 million CHF (0.3 million CHF for year 16/17)
- Loan from a member of Perrot Duval management in the amount of 0 million CHF (1.7 million CHF as at 30th April 2017) and related financial expenses amounted to 26 000 CHF (57 000 CHF for year 16/17)
- Loan to Perrot Duval Holding SA (from Bleu Indim SA) in the amount of 1.1 million CHF (1.2 million CHF as at 30th April 2017) and related financial incomes amounted to 35 000 CHF (27 000 CHF for year 16/17).

There are no employment contracts with non-standard periods of notice (more than one year) or with severance payment arrangements.

25. Events after the balance sheet date

Between the balance sheet date and the date of the approval of the combined financial statements by the management of Perrot Duval Holding SA, no events occurred which could have a material impact on the combined financial statements for the year 2017/2018 and 2016/2017.

26. Approval of the combined financial statements

The combined financial statements were authorized for issue by the management of Perrot Duval Holding SA at its meeting on 28 February 2019.