



Annual Financial Statements 2014

**Report of the statutory auditor
on the limited statutory examination**

with financial statements as of 31 December 2014 of

CRB S.A., Puidoux

This report is a translation;
Only the French version of this report has legal validity

To the General Meeting of
CRB S.A., Puidoux

Lausanne, 10 March 2015

Report of the statutory auditor on the limited statutory examination

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of CRB S.A. for the year ended 31 December 2014.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the limited statutory examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Ernst & Young Ltd



Pierre Delaloye
Licensed audit expert
(Auditor in charge)



Alexandre Volet
Licensed audit expert

Enclosures

- ▶ Financial statements (balance sheet, income statement and notes)
- ▶ Proposed appropriation of available earnings

BALANCE SHEET AS OF DECEMBER 31, 2014

ASSETS	December 31, 2014	December 31, 2013
	CHF	CHF
Current assets		
Cash and cash equivalents	2'259'176	2'892'480
Trade receivables	8'790'239	7'713'892
- from third parties	8'223'582	6'652'414
- from Group Companies	566'657	1'061'478
- from Shareholder	-	-
Other assets	732'857	313'969
Accrued income and prepaid expenses	757'766	260'385
Inventories	3'608'328	3'348'343
	<u>16'148'366</u> 53.4%	<u>14'529'068</u> 66.3%
Non-current assets		
Tangible assets		
Puidoux industrial building	10'683'660	5'160'673
Land Puidoux	858'128	858'128
Facilities and equipments	1'914'324	1'331'783
Financial assets		
Security deposits	120'800	20'800
Investments	541'424	30'000
	<u>14'118'336</u> 46.6%	<u>7'401'384</u> 33.7%
Total assets	<u>30'266'702</u> 100.0%	<u>21'930'449</u> 100.0%
LIABILITIES AND EQUITY		
	December 31, 2014	December 31, 2013
	CHF	CHF
LIABILITIES		
Current liabilities		
Trade payables	4'384'220	2'566'229
- to third parties	2'183'935	1'510'787
- to Group Companies	411'579	192'351
- to Shareholder	1'788'707	863'090
Advances from customers	772'503	650'316
Accrued liabilities	1'649'051	567'224
- to third parties	1'020'222	-
- to Group Companies	628'829	-
Mortgage loan, short term part	220'000	220'000
	<u>7'025'774</u> 23.2%	<u>4'003'769</u> 18.3%
Non-current liabilities		
UBS, Mortgage loan for warehouse and production area	1'920'000	2'040'000
BCV, Mortgage loan building	1'550'000	1'650'000
Loans from Group Companies	7'600'000	3'400'000
	<u>11'070'000</u> 36.6%	<u>7'090'000</u> 32.3%
Provisions for risk and charges		
Provision for inventory writedowns	1'202'000	1'115'000
Provision for doubtful debts	782'666	568'041
Provision for manufacturing risk	858'000	730'000
	<u>2'842'666</u> 9.4%	<u>2'413'041</u> 11.0%
EQUITY		
Share capital	100'000	100'000
Legal reserve	50'000	50'000
Retained earnings	3'273'638	3'762'042
Profit for the year	5'904'624	4'511'597
	<u>9'328'262</u> 30.8%	<u>8'423'638</u> 38.4%
TOTAL LIABILITIES AND EQUITY	<u>30'266'702</u> 100.0%	<u>21'930'449</u> 100.0%

PROFIT AND LOSS STATEMENT 2014

	2014		2013	
	CHF		CHF	
Net sales	42'930'855	100.0%	36'514'257	100.0%
<i>Less:</i>				
Material and merchandise expense	-15'069'078	-35.1%	-12'799'680	-35.1%
Gross profit	27'861'777	64.9%	23'714'577	64.9%
Personnel expense	-12'101'629	-28.2%	-10'654'224	-29.2%
Subcontracting cost	-420'067	-1.0%	-442'973	-1.2%
Leases and rents	-458'708	-1.1%	-402'191	-1.1%
Maintenance and repairs	-777'102	-1.8%	-584'377	-1.6%
Vehicles expense	-4'530	0.0%	-31'171	-0.1%
Insurances	-52'254	-0.1%	-46'946	-0.1%
Administrative and postal cost	-910'674	-2.1%	-612'879	-1.7%
Advertising and representation cost	-550'162	-1.3%	-502'769	-1.4%
Sales commissions	-1'239'348	-2.9%	-1'144'687	-3.1%
Miscellaneous operating expenses	-1'759'012	-4.1%	-2'024'568	-5.5%
	-18'273'485	-42.6%	-16'446'786	-45.0%
Operating profit (EBITDA)	9'588'292	22.3%	7'267'791	19.9%
Depreciations of industrial building	-375'811	-0.9%	-388'438	-1.1%
Depreciations of equipment and facilities	-687'720	-1.6%	-583'549	-1.6%
Depreciations of goodwills, patents, R&D	-	0.0%	-517'126	-1.4%
Changes for inventory writedowns, doubtful debts, manufact. risk	-430'000	-1.0%	169'694	0.5%
	-1'493'532	-3.5%	-1'319'420	-3.6%
Operating profit (EBIT)	8'094'760	18.9%	5'948'371	16.3%
Financial income	-2'691	0.0%	3'958	0.0%
Interest and financial charges	-380'518	-0.9%	-80'878	-0.2%
Partic. Etat VD on mortgage interests	-		-	
Extraordinary charges and income	-128'200		-	
	-511'409	-1.2%	-76'920	-0.2%
Profit before tax (EBT)	7'583'352	17.7%	5'871'451	16.1%
Income taxes	-1'678'728	-3.9%	-1'359'854	-3.7%
Profit for the year	5'904'624	13.8%	4'511'597	12.4%

NOTES TO ANNUAL FINANCIAL STATEMENT

	December 31, 2014	December 31, 2013
	CHF	CHF
<i>Assets pledged for the securing of own commitments</i>		
First ranking mortgage pledged to UBS	3'530'000	3'530'000
First ranking mortgage pledged to BCV	2'590'000	2'590'000
Book value of the relevant fixed assets	10'683'660	5'160'673
<i>Fire insurance value of tangible assets</i>		
In detail:		
Building	25'279'706	9'944'956
Equipements, facilities and inventories	16'618'892	9'400'000
	41'898'598	19'344'956
<i>Commitments and leasing</i>		
Leasing	-	2'531
<i>Information on main investments</i>		
Vitalab Srl, Milan	60%	60%
	EUR 453.200	EUR 6.000
CRB Benelux BV, Maastricht	100%	100%
	EUR 18.000	EUR 18.000

Risk assessment

The Board of Directors together with the top management of the company have assessed the risk related to CRB SA business. The assessment process considered the nature and extension of the business and the specific risks of CRB SA.

PROPOSAL FOR PROFIT ALLOCATION

	2014	2013
	CHF	CHF
Profit for the year	5'904'624	4'511'597
Retained earnings	3'273'638	3'762'042
Dividends according to decision of June 13, 2013 Shareholder's meeting	-	-5'000'000
Available earnings	<u>9'178'263</u>	<u>3'273'638</u>

Proposal for profit allocation

**Board of Directors
proposal**

Dividend	-
Profits carried forward	9'178'263
Available earnings	9'178'263

Report of the statutory auditor

on the proposal of the Board of Directors for the appropriation of available earnings as of 10 April 2015 of

CRB S.A., Puidoux

To the ordinary general meeting of
CRB S.A., Puidoux

Lausanne, 10 April 2015

Report of the statutory auditor on the proposal of the Board of Directors for the appropriation of available earnings

As statutory auditor, we have examined the accompanying proposal of the Board of Directors for the appropriation of available earnings as of 10 April 2015 of CRB S.A.

The Board of Directors is responsible for compliance with the legal requirements and the requirements of the company's articles of incorporation in connection with the proposal for the appropriation of available earnings. Our responsibility is to examine the proposal for the appropriation of available earnings. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the limited statutory examination. This standard requires that we plan and perform a limited statutory examination in such a way that material breaches of the legal requirements and the requirements of the company's articles of incorporation in connection with the proposal for the appropriation of available earnings will be identified with reasonable certainty. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our examination, nothing has come to our attention that causes us to believe that the proposal of the Board of Directors for the appropriation of available earnings does not comply with Swiss law and the company's articles of incorporation.

Ernst & Young Ltd



Pierre Delaloye
Licensed audit expert
(Auditor in charge)



Alexandre Volet
Licensed audit expert

Enclosures

- ▶ Proposal of the Board of Directors for the appropriation of available earnings as of 10 April 2015

CRB S.A., Puidoux

Proposed appropriation of available earnings
(Proposal of Board of directors)

	31.12.2014	31.12.2013
	<u>CHF</u>	<u>CHF</u>
Retained earnings	3'273'638	3'762'042
Profit for the year	5'904'624	4'511'597
Available earnings	<u>9'178'262</u>	<u>8'273'638</u>

The board of directors proposed to the ordinary general meeting of shareholders the following appropriation of available earnings

Dividend	- 4'200'000	- 5'000'000
Allocation to the Legal Reserves	0	0
Profits carried forward	<u>4'978'262</u>	<u>3'273'638</u>

The legal reserve reached 50% of share capital, no allocation is required.