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Bates Cargo-Pak ApS


Stigsborgsvej 36
9400 Nørresundby

CVR no. 13 60 97 05

Annual report 2016

The annual report has been presented and approved on the Company's ordinary general meeting on

22/5-17



Chairman of general meeting

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COMPANY DETAILS

Reporting entity	Bates Cargo-Pak ApS Stigsborgsvej 36 9400 Nørresundby
	CVR no.: 13 60 97 05
	Reporting period: 1 January 2016 - 31 December 2016
Board of Directors	Dominique Dupre Nils Stenger Peter Eggertsen Finn Sørensen
Executive Board	Peter Eggertsen Finn Sørensen
Company auditors	Kallermann Revision A/S - statsautoriseret revisionsfirma Stationspladsen 1 og 3 3000 Helsingør
	CVR no.: 30 19 52 64

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and approved the annual report for the financial year 1 January - 31 December 2016 for Bates Cargo-Pak ApS.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of its financial performance for the financial year 1 January - 31 December 2016.

We recommend the annual report for adoption at the Annual General Meeting.

Aalborg, 5 April 2017

Executive board



Peter Eggertsen

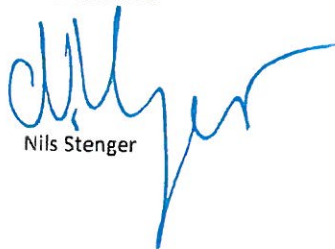


Finn Sørensen

Board of Directors



Dominique Dupre



Nils Stenger



Peter Eggertsen



Finn Sørensen

THE INDEPENDENT PRACTITIONER'S REPORT

To the shareholders of Bates Cargo-Pak ApS

Extended Review Report on the Financial Statements

We have performed an extended review of the accompanying financial statements of Bates Cargo-Pak ApS for the financial year 1 January - 31 December 2016. The accompanying financial statements, which comprise summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. This responsibility includes maintaining the internal control as management determines is necessary to enable the preparation of financial statements free from material misstatements, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express an opinion on the financial statements. We have conducted our extended review in accordance with the Danish standard on reports relating to small entities issued by the Danish Business Authority and FSR – Danish Auditor's standard on extended review of financial statements prepared according to the Danish Financial Statements Act.

This standard requires that we comply with the Danish State Authorized Public Accountants Act and FSR – Danish Auditor's ethical requirements and plan and perform procedures to obtain limited assurance of our opinion on the financial statements and perform specifically required supplementary procedures to obtain further assurance of our opinion.

An extended review comprises procedures consisting primarily of questions to management and, where appropriate, other members of staff, analytical procedures and the specifically required supplementary procedures, and an assessment of the evidence obtained.

The scope of work performed in an extended review is less than that of an audit and, accordingly, we do not express an audit opinion on the financial statements.

The extended review has not resulted in any qualification.

Conclusion

Based on the work performed, it is our opinion that these financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of its financial performance for the financial year 1 January - 31 December 2016, in accordance with the Danish Financial Statements Act.

Statement on the Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

THE INDEPENDENT PRACTITIONER'S REPORT

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Elsinore, 5 April 2017

CVR no. 30 19 52 64

Kallenmann Revision A/S - statsautoriseret revisionsfirma



Peter Kallenmann

State Authorized Public Accountant

MANAGEMENT'S REVIEW

Primary activities

The Company's activities consist of developing and manufacturing airbags to be used for the protection of goods during transportation. The Company's products and production methods are continuously being developed.

Uncertainty relating to recognition and measurement

The financial report is not affected by uncertainty in recognition and measurement.

Development in activities and finances

The result for the year shows a profit of 19.786 DKK'000, which is considered to be satisfactory. The equity amounts to 65.852 DKK'000 at 31 December 2016.

Description of environmental matters

The Company affects environment through production, transportation of products and employees and indirectly through the energy consumption of the products during use and product disposal.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Outlook

For the coming financial year the Company expects an improved result.

Description of knowledge resources

The Company has developed special competences within production and development of airbags. Investments take place currently to optimize the production and development of products to meet the market demands. The Company is focusing on maintaining these competences.

Description of specific risks in addition to commonly occurring hazards in industry

Business risks

The company's greatest business risk is the ability to maintain and strengthen its market position.

Financial risks

The Company's financial management only concerns the risks related to the ongoing operation.

The parent Company manages financial risks in the Group centrally, including capital and investment of surplus liquidity.

Research and development activities

There is ongoing development and marketing of new products and to optimize methods and processes.

Description of group relations

The Company is a 100% owned subsidiary of SPG Denmark ApS. The Company's ultimate parent company is Signode Industrial Group Holdings (Bermuda) Ltd., Bermuda, from which the consolidated financial statements can be ordered.

ANNUAL REPORT

ACCOUNTING POLICIES

This annual report of Bates Cargo-Pak ApS for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises.

The accounting policies applied for these financial statements are consistent with those applied last year.

The Company has chosen to implement the rules according to Act no. 788 of 1 Juni 2015, The Danish Financial Statements Act section 78 A, concerning the rules for use of extended review. The Company figures in the consolidated financial statements for Signode Industrial Group Lux S.A. The decision has been made on the general meeting at 21 May 2015.

Recognition and measurement

Income is recognised in the income statement when earned, hereunder valuation adjustment concerning financial assets and liabilities. Costs are also recognised in the income statement, hereunder depreciations and amortisations.

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Description of methods of leases

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

INCOME STATEMENT

Revenue

Revenue deducted other external costs is summarized in the income statement as gross profit according to the rules in the Danish Financial Statements Act, section 32.

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

ANNUAL REPORT

ACCOUNTING POLICIES

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

External expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, operational costs etc.

Other external expenses also include research costs and costs of development projects that do not meet the criteria for recognition in the balance sheet.

Staff costs

Staff costs comprise salaries and wages including holiday pay and pensions as well as social security costs, etc for the Company's staff. Received compensations from the authorities have been deducted in staff costs.

Financial income and expenses

These items comprise interest income and expenses, financial costs concerning financial leasing, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, amortisation premium or allowance on mortgage debt etc as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

Income tax

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Current tax liabilities or tax receivables are included in the balance sheet as calculated tax of the year's taxable income, regulated for paid tax on account.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The Parent Company SPG Denmark ApS is jointly taxed with all of its wholly owned Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income. The Parent Company acts as administration company for the jointly taxed companies and manages payment of the tax to the Danish authorities.

BALANCE SHEET

Intangible assets

Intangible assets comprise acquired intellectual property rights.

Acquired intellectual property rights are measured at cost less accumulated amortisation and impairment losses. Intangible assets are amortised over their estimated useful lives, but over no more than 20 years.

Intangible assets are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of other intangible assets are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to amortisation and impairment losses by realization of intangible assets.

ANNUAL REPORT

ACCOUNTING POLICIES

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Property, ect in progress is measured at cost and is not depreciated.

Cost comprises the acquisition price and costs directly attributable to the acquisition , and prepatation costs of the asset until the time when it is ready to be put into operation.

The basis of depriciation is cost les estimated residual value after the end of useful life.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery, 10-20 years

EDP, 5 years

Other fixtures and fittings, tools and equipment, 3-12 years

Leasehold improvements, 5-10 years

Plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses form the sale of plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement under other operating income or other operating expenses.

Assets with a cost price under the tax limit concerning accelerated depreciation of small assets are recognised as costs in the income statement in the acquisition year.

Inventories

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

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and direct production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation and impairment losses on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less provisions for bad debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost, which usually corresponds to the mominal value.

Dividends

Proposed dividend for the financial year is measured under the equity. Proposed dividend is measured as an obligation at the time of adoption on the General Meeting. Dividend paid during the year is shown under the equity.

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ACCOUNTING POLICIES

Provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, which comprise commitments to remedy defects and deficiencies within the guarantee period.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Tax payables and deferred tax

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly on equity by the portion attributable to entries directly on equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax is measured on basis of the tax rules and tax rates which are valid when deferred tax is expected to be current tax. Changes in deferred tax as a consequence of changes in tax rates are recognised in the income statement. The current tax rate is 22 per cent.

Liabilities other than provisions

Other financial liabilities are measured at amortised cost which usually corresponds to nominal value.

Key figures and financial ratios

Return on invested capital = $\text{EBITA} \times 100 / \text{average invested capital including goodwill}$

Return on equity = $\text{Net profit for the year} \times 100 / \text{average equity}$

Equity ratio = $\text{Equity} \times 100 / \text{balance sheet total}$

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as the profit/loss from ordinary activities plus depreciation and amortization of intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus the carrying value of fixed assets.

Net working capital is defined as inventories, receivables and other operating current assets less accounts payable and other current operating liabilities. Receivable and payable income taxes, receivable from group enterprises and cash are not included in net working capital.

The Company has merged with Caretex ApS as of 1 January 2015. The figures for 2014 contain both companies whereas the years 2012-2013 only contain the figures for Bates Cargo-Pak ApS.

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KEY FIGURES AND FINANCIAL RATIOS

	2016	2015	2014	2013	2012
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Gross profit (loss)	49.656	41.031	46.329	38.269	34.263
Results from net financials	-2.230	18	-17	-492	-354
Profit (loss) from ordinary operating activities	27.675	18.353	23.598	17.562	14.736
Profit (loss)	19.786	14.054	18.198	12.872	10.778
Assets	160.318	146.689	106.227	56.595	65.273
Equity	65.852	60.120	64.208	44.828	52.222
Cash flows from (used in) operating activities	36.729	61.813	38.145		
Cash flows from (used in) investing activities	-1.044	-91	-387		
Cash flows from (used in) financing activities	-14.054	-18.147	-179.000		
Average number of employees	38	38	41	37	33
Equity ratio	41,0%	41,0%	60,0%	79,0%	80,0%
Return on equity	31,0%	23,0%	33,0%	27,0%	20,0%
Return on invested capital	79,0%	55,0%	68,0%	50,0%	37,0%

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INCOME STATEMENT FOR 2016

	Notes	2016 DKK'000	2015 DKK'000
Gross profit		49.656	41.031
Staff costs	1	-19.858	-20.593
Depreciation, amortisation and impairment losses		-2.123	-2.085
Profit (loss) from ordinary operating activities		27.675	18.353
Financial income	2	11	738
Financial expenses	3	-2.241	-720
Profit (loss) from ordinary activities before tax		25.445	18.371
Tax	4	-5.659	-4.317
PROFIT/LOSS FOR THE YEAR		19.786	14.054
 Proposed distribution of results:			
Proposed dividend		19.786	14.054
		19.786	14.054

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BALANCE OF 31 DECEMBER 2016

	Notes	2016 DKK'000	2015 DKK'000
ASSETS			
Plant and machinery		14.629	16.466
Fixtures, fittings, tools and equipment		428	160
Leasehold improvements		36	0
Property, plant and equipment in progress et cetera		454	0
Property, plant and equipment	5	<u>15.547</u>	<u>16.626</u>
Deposits		790	790
Long-term investments and receivables	6	<u>790</u>	<u>790</u>
FIXED ASSETS		<u>16.337</u>	<u>17.416</u>
Raw materials and consumables		1.579	1.680
Work in progress		269	103
Manufactured goods and goods for resale		6.906	6.656
Inventories		<u>8.754</u>	<u>8.439</u>
Trade receivables		21.992	16.809
Receivables from group enterprises		5.597	18.440
Other receivables		234	238
Deferred income assets	7	536	110
Receivables		<u>28.359</u>	<u>35.597</u>
Cash and cash equivalents	8	<u>106.868</u>	<u>85.237</u>
CURRENT ASSETS		<u>143.981</u>	<u>129.273</u>
ASSETS		<u>160.318</u>	<u>146.689</u>

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BALANCE OF 31. DECEMBER 2016

	Notes	2016 DKK'000	2015 DKK'000
PASSIVER			
Share premium		2.000	2.000
Retained earnings		44.066	44.066
Udbytte		19.786	14.054
EGENKAPITAL I ALT		65.852	60.120
Udskudt skat		2.764	3.616
HENSATTE FORPLIGTELSER I ALT		2.764	3.616
Short-term trade payables		8.393	5.495
Short-term payables to group enterprises		72.915	69.139
Selskabsskat til tilknyttede virksomheder		5.874	4.317
Other short-term payables		4.389	3.871
Deposits, short-term liabilities other than provisions		131	131
Kortfristede gældsforpligtelser i alt		91.702	82.953
GÆLDSFORPLIGTELSER I ALT		91.702	82.953
PASSIVER I ALT		160.318	146.689
Nærtstående parter	9		
Eventualforpligtelser	10		
Ejerskab	11		

ANNUAL REPORT

STATEMENT OF CHANGES IN EQUITY FOR 2016

	<u>2016</u> DKK'000	<u>2015</u> DKK'000
Share premium:		
Equity, beginning balance	2.000	2.000
Equity, ending balance	<u>2.000</u>	<u>2.000</u>
Retained earnings:		
Retained earnings, 1 January 2016	44.066	44.066
Increase	0	0
Retained earnings, 31 December 2016	<u>44.066</u>	<u>44.066</u>
Proposed dividend:		
Dividend, 1 January 2016	14.054	18.142
Increase	19.786	14.054
Decrease	-14.054	-18.142
Dividend, 31 December 2016	<u>19.786</u>	<u>14.054</u>
Equity, 31 December 2016	<u><u>65.852</u></u>	<u><u>60.120</u></u>

ANNUAL REPORT

CASH FLOW STATEMENT FOR 2016

	2016 DKK'000	2015 DKK'000
Revenue	19.786	14.054
Depreciations	2.123	2.085
Adjustments of tax expense	5.925	4.317
Adjustments for deferred tax [cash flow]	-266	0
Decrease (increase) in inventories	-315	1.321
Decrease (increase) in receivables	7.239	-203
Decrease (increase) in trade payables	6.570	43.375
Other cash flows from (used in) operating activities	-4.333	-3.136
Cash flows from operating activities	36.729	61.813
Purchase of intangible assets, classified as investing activities	-1.044	-91
Cash flows from investing activities	-1.044	-91
Dividend paid [cash flow]	-14.054	-18.147
Cash flows from financing activities	-14.054	-18.147
Net increase (decrease) in cash and cash equivalents	21.631	43.575
Cash and cash equivalents, beginning balance	85.237	41.662
Cash and cash equivalents [cash flow], ending balance	106.868	85.237

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NOTES

	2016 DKK'000	2015 DKK'000
1. Staff costs		
Wages and salaries	17.786	18.555
Post-employment benefit expense	1.648	1.686
Social security contributions	424	352
Employee benefits expense	19.858	20.593
Average number of employees	38	38
2. Financial income		
Other interest income	11	26
Exchange rate profit	0	712
Financial income	11	738
3. Financial expenses		
Other interest expenses	2.241	720
Financial expenses	2.241	720
4. Tax		
Current tax expense	5.869	4.317
Adjustments for deferred tax	-266	0
Adjustments for current tax of prior period	56	0
Tax expense on ordinary activities	5.659	4.317
5. Property, plant and equipment		
Plant and machinery:		
Cost, 1 January 2016	41.770	41.679
Additions	173	91
Cost, 31 December 2016	41.943	41.770
Accumulated depreciation, 1 January 2016	-25.304	-23.277
Depreciation	-2.010	-2.027
Accumulated depreciation, 31 December 2016	-27.314	-25.304
Plant and machinery, 31 December 2016	14.629	16.466
Fixtures, fittings, tools and equipment:		
Cost, 1 January 2016	3.033	3.033
Additions	379	0
Cost, 31 December 2016	3.412	3.033
Accumulated depreciation, 1 January 2016	-2.873	-2.815
Depreciation	-111	-58
Accumulated depreciation, 31 December 2016	-2.984	-2.873
Fixtures, fittings, tools and equipment, 31 December 2016	428	160

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NOTES

	2016 DKK'000	2015 DKK'000
5. Property, plant and equipment, continued		
Leasehold improvements		
Property, plant and equipment, gross, 1 January 2016	1.016	1.016
Additions to property, plant and equipment	38	0
Leasehold improvements, 31 December 2016	1.054	1.016
Accumulated impairment losses and depreciations	-1.016	-1.016
Depreciation of property, plant and equipment	-2	0
Accumulated impairment losses and depreciations	-1.018	-1.016
Leasehold improvements, 31 December 2016	36	0
Property, plant and equipment in progress et cetera		
Additions to property, plant and equipment	454	0
Property, plant and equipment in progress, 31 December 2016	454	0
Property, plant and equipment in progress, 31 December 2016	454	0
6. Investments		
Other investments:		
Investments, gross, 1 January 2016	790	790
Investments, gross, 31 December 2016	790	790
Long term investments and receivables, 31 December 2016	790	790

7. Explanation of deferred income assets

Prepayments comprise prepaid insurances and recoverable VAT.

8. Cash and cash equivalents

Of cash and cash equivalents 99.249 DKK'000 is part of a notional cash pool arrangement with other group enterprises and their banks.

The Company's deposit on the cash pool account is provided as security for the total cash pool arrangement. The total balance of the cash pool arrangement as of 31 December 2016 is 17.808 DKK'000 (2.396 EUR'000).

ANNUAL REPORT**NOTES****9. Related parties**

The Company is included in the consolidated financial statements of:

Smallest concern: Signode Industrial Group Lux S.A., 148, route d'Arlon, L-8010 Strassen (Reg. B 185655) - the consolidated financial statements can be requested at: Registre de Commerce et des Sociétés, Luxembourg

Biggest concern: Signode Industrial Group Holdings (Bermuda) Ltd., Clarendon House, 2, Church Street, Hamilton, HM 11, Bermuda (Reg. 48705) - the consolidated financial statements can be requested at: Signode Industrial Group Inc., 3650 West Lake Avenue, Glenview, 60026, Illinois USA.

The Company's parent company Signode Industrial Group Lux S.A. guarantees for the Company's liabilities until next presentation of accounts.

Related parties with a controlling interest in Bates Cargo-Pak ApS:

SPG Denmark ApS

Fynsgade 6

6400 Sønderborg

10. Contingent liabilities

The Company participates in a Danish joint taxation arrangement with SPG Denmark ApS serving as the administration company. The Company is jointly and severally liable for total income taxes of the other jointly taxed companies. The total net liability to the Danish tax authorities appears from the financial statements of SPG Denmark ApS.

As per 31.12.2016 the Company has entered into the lease agreements regarding office equipment and cars with a remaining payment of 444 DKK'000.

The Company has entered into the following rental commitment with a total liability in the period of notice of 5.567 DKK'000.

The Company has entered into a commitment to buy consignment stock of raw materials of up to 1 million DKK of which there is a pending use.

11. Ownership

The share capital is wholly owned by:

SPG Denmark ApS