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Bates Cargo-Pak ApS

Stigsborgsvej 36
9400 Nørresundby

CVR no. 13 60 97 05

Annual report 2015

The annual report has been presented and approved on the Company's ordinary general meeting on 25th May 2016



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 2015 - 31 December 2015
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 2015 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 2015 and of its financial performance for the financial year 1 January - 31 December 2015.

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

Aalborg, 2 March 2016

Executive board


Peter Eggertsen

Finn Sørensen

Board of Directors

Dominique Dupre

Nils Stenger

Peter Eggertsen


Finn Sørensen

INDEPENDENT AUDITOR'S REPORT**To the shareholders of Bates Cargo-Pak ApS****Auditor's report on extended review of financial statements**

We have performed an extended review of the financial statements for Bates Cargo-Pak ApS for the financial year 1 January - 31 December 2015, which comprises accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements 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.

Auditor'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.

Opinion

Based on the work performed, it is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any procedures in addition to the extended review of the financial statements. On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Elsinore, 2 March 2016

GVR no. 30 19 52 64

Kallermann Revision A/S - statsautoriseret revisionsfirma



Peter Kallermann

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.

The Company has merged with Caretex ApS as of 1 January 2015.

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 14.054 DKK'000, which is considered to be satisfactory. The equity amounts to 74.174 DKK'000 at 31 December 2015.

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.

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ACCOUNTING POLICIES

This annual report of Bates Cargo-Pak ApS for 2015 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.

The Company has merged with Caretex ApS as of 1 January 2015. The comparative figures have been adjusted and contain both companies.

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.

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ACCOUNTING POLICIES

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.

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.

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ACCOUNTING POLICIES

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.

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 depreciation 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 con-sumables 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.

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ACCOUNTING POLICIES

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.

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 2011-2013 only contain the figures for Bates Cargo-Pak ApS.

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KEY FIGURES AND FINANCIAL RATIOS

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Gross profit (loss)	41.031	46.329	38.269	34.263	34.204
Results from net financials	18	-17	-492	-354	2
Profit (loss) from ordinary operating activities	18.353	23.598	17.562	14.736	14.024
Profit (loss)	14.054	18.198	12.872	10.778	10.515
Assets	146.689	106.227	56.595	65.273	65.654
Equity	74.174	64.208	44.828	52.222	54.459
Cash flows from (used in) operating activities	61.813	38.145			
Cash flows from (used in) investing activities	-91	-387			
Cash flows from (used in) financing activities	-18.147	-179.000			
Average number of employees	38	41	37	33	33
Equity ratio	50,6%	60,4%	79,2%	80,0%	82,9%
Return on equity	20,3%	33,4%	26,5%	20,2%	21,0%
Return on invested capital	56,7%	69,9%	50,0%	37,0%	34,0%

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INCOME STATEMENT FOR 2015

	Notes	2015 DKK'000	2014 DKK'000
Gross profit		41.031	46.329
Staff costs	1	-20.593	-20.575
Depreciation, amortisation and impairment losses		-2.085	-2.156
Profit (loss) from ordinary operating activities		18.353	23.598
Financial income	2	738	128
Financial expenses	3	-720	-145
Profit (loss) from ordinary activities before tax		18.371	23.581
Tax	4	-4.317	-5.383
PROFIT/LOSS FOR THE YEAR		14.054	18.198
 Proposed distribution of results:			
Proposed dividend		14.054	18.147
Retained earnings		0	51
		14.054	18.198

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BALANCE OF 31 DECEMBER 2015

	Notes	2015 DKK'000	2014 DKK'000
ASSETS			
Plant and machinery		16.466	18.402
Fixtures, fittings, tools and equipment		160	218
Property, plant and equipment	5	<u>16.626</u>	<u>18.620</u>
Deposits		790	790
Long-term investments and receivables	6	<u>790</u>	<u>790</u>
FIXED ASSETS		<u>17.416</u>	<u>19.410</u>
Raw materials and consumables		1.680	2.020
Work in progress		103	205
Manufactured goods and goods for resale		6.656	7.535
Inventories		<u>8.439</u>	<u>9.760</u>
Trade receivables		16.809	20.475
Receivables from group enterprises		18.440	14.027
Other receivables		238	416
Deferred income assets	7	110	477
Receivables		<u>35.597</u>	<u>35.395</u>
Cash and cash equivalents	8	<u>85.237</u>	<u>41.662</u>
CURRENT ASSETS		<u>129.273</u>	<u>86.817</u>
ASSETS		<u>146.689</u>	<u>106.227</u>

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BALANCE OF 31. DECEMBER 2015

	Notes	2015 DKK'000	2014 DKK'000
AKTIVER			
Plant and machinery		16.466	18.402
Fixtures, fittings, tools and equipment		160	218
Materielle anlægsaktiver i alt	5	<u>16.626</u>	<u>18.620</u>
Deposits		790	790
Finansielle anlægsaktiver i alt	6	<u>790</u>	<u>790</u>
ANLÆGSAKTIVER I ALT		<u>17.416</u>	<u>19.410</u>
Raw materials and consumables		1.680	2.020
Work in progress		103	205
Manufactured goods and goods for resale		6.656	7.535
Varebeholdninger i alt		<u>8.439</u>	<u>9.760</u>
Short-term trade receivables		16.809	20.475
Short-term receivables from group enterprises		18.440	14.027
Other short-term receivables		238	416
Deferred income assets	7	110	477
Tilgodehavender i alt		<u>35.597</u>	<u>35.395</u>
Cash and cash equivalents	8	<u>85.237</u>	<u>41.662</u>
OMSÆTNINGSAKTIVER I ALT		<u>129.273</u>	<u>86.817</u>
AKTIVER I ALT		<u><u>146.689</u></u>	<u><u>106.227</u></u>

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STATEMENT OF CHANGES IN EQUITY FOR 2015

	<u>2015</u> DKK'000	<u>2014</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 2015	44.066	44.010
Increase	0	51
Retained earnings, 31 December 2015	<u>44.066</u>	<u>44.061</u>
Proposed dividend:		
Dividend, 1 January 2015	18.142	0
Increase	14.054	18.147
Decrease	-18.142	0
Dividend, 31 December 2015	<u>14.054</u>	<u>18.147</u>
Equity, 31 December 2015	<u><u>60.120</u></u>	<u><u>64.208</u></u>

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CASH FLOW STATEMENT FOR 2015

	2015 DKK'000	2014 DKK'000
Revenue	14.054	18.198
Depreciations	2.085	2.156
Adjustments of tax expense	4.317	6.013
Adjustments for deferred tax [cash flow]	0	-630
Decrease (increase) in inventories	1.321	836
Decrease (increase) in receivables	-203	-2.445
Decrease (increase) in trade payables	43.375	16.777
Other cash flows from (used in) operating activities	-3.136	-2.760
Cash flows from operating activities	61.813	38.145
Purchase of intangible assets, classified as investing activities	-91	-387
Cash flows from investing activities	-91	-387
Dividend paid [cash flow]	-18.147	-179.000
Cash flows from financing activities	-18.147	-179.000
Net increase (decrease) in cash and cash equivalents	43.575	-141.242
Cash and cash equivalents, beginning balance	41.662	182.904
Cash and cash equivalents [cash flow], ending balance	85.237	41.662

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	2015 DKK'000	2014 DKK'000
1. Staff costs		
Wages and salaries	18.555	18.488
Post-employment benefit expense	1.686	1.731
Social security contributions	352	356
Employee benefits expense	20.593	20.575
Average number of employees	38	41
2. Other finance income		
Other interest income	26	12
Exchange rate profit	712	116
Other finance income	738	128
3. Other finance expenses		
Other interest expenses	720	145
Other finance expenses	720	145
4. Tax		
Current tax expense	4.317	6.013
Adjustments for deferred tax	0	-219
Adjustments for current tax of prior period	0	-411
Tax expense on ordinary activities	4.317	5.383
5. Property, plant and equipment		
Plant and machinery:		
Cost, 1 January 2015	41.679	41.292
Additions	91	387
Cost, 31 December 2015	41.770	41.679
Accumulated depreciation, 1 January 2015	-23.277	-21.237
Depreciation	-2.027	-2.040
Accumulated depreciation, 31 December 2015	-25.304	-23.277
Plant and machinery, 31 December 2015	16.466	18.402
Fixtures, fittings, tools and equipment:		
Cost, 1 January 2015	3.033	3.033
Cost, 31 December 2015	3.033	3.033
Accumulated depreciation, 1 January 2015	-2.815	-2.716
Depreciation	-58	-99
Accumulated depreciation, 31 December 2015	-2.873	-2.815
Fixtures, fittings, tools and equipment, 31 December 2015	160	218

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NOTES

	2015 DKK'000	2014 DKK'000
Leasehold improvements:		
Property, plant and equipment, gross, beginning balance	1.016	1.016
Property, plant and equipment, gross, ending balance	1.016	1.016
Accumulated impairment losses and depreciations	-1.016	-999
Depreciation of property, plant and equipment	0	-17
Accumulated impairment losses and depreciations	-1.016	-1.016
Leasehold improvements, ending balance	0	0
6. Investments		
Other investments:		
Investments, gross, beginning balance	790	790
Investments, gross, ending balance	790	790
Long-term investments and receivables, ending period	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, 33.887 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 2015 is 23.595 DKK'000 (3.160 EUR'000).

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

ANNUAL REPORT**NOTES****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 met liability to the Danish tax authorities appears from the financial statements of SPG Denmark ApS.

As per 31.12.2015 the Company has entered into the lease agreements regarding office equipment and cars with a remaining payment of 274 DKK'000.

The Company has entered into the following rental commitment with a total liability in the period of notice of 5.458 DKK'000.

The Company has entered into a commitment to buy consignment stock of raw materials of up to 1.7 million DKK of which there is a pending use.

11. Ownership

The share capital is wholly owned by:
SPG Denmark ApS