

## **O.L. Seals A/S**

**Bymosevej 14  
3200 Helsingør**

**CVR no. 20 11 46 73**

**Annual report for 2015**

**(19. financial year)**

Adopted at the annual general meeting  
on 29 April 2016

  
Chairman

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## Statement by management on the annual report

Today, the board of directors and the executive board have discussed and approved the annual report of O.L. Seals A/S for the financial year 1 January - 31 December 2015.

The annual report has been prepared 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 the results of its operations for the financial year 1 January - 31 December 2015.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

We recommend the adoption of the annual report at the annual general meeting.

Helsingør, 29 April 2016

### Executive Board

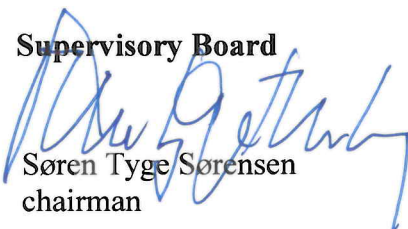


Ove Lorentzen  
managing director



Karsten Pedersen

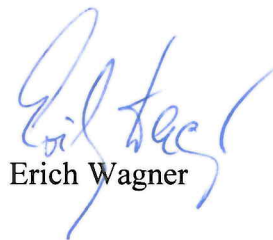
### Supervisory Board



Søren Tyge Sørensen  
chairman



Ove Lorentzen



Erich Wagner

## **Independent auditor's report**

*To the Shareholders of O.L. Seals A/S*

### **Report on the financial statements**

We have audited the financial statements of O.L. Seals A/S for the financial year 1 January - 31 December 2015, which comprise summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish Audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

The audit has not resulted in any qualification.

### **Opinion**

In our opinion, the financial statement give a true and fair view of the company's financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

## Independent auditor's report

### Statement on management's review

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

Helsingør, 29 April 2016

WILLADS & VIBE-HASTRUP  
Godkendte Revisorer ApS  
CVR-no. 29 61 96 70



Jan Vibe-Hastrup  
registered public accountant



Peter Willads  
state-authorised public accountant

## Company details

### **The company**

O.L. Seals A/S  
Bymosevej 14  
3200 Helsingør

CVR no.: 20 11 46 73  
Financial year: 1 January - 31 December  
Domicile: Gribskov

### **Board of directors**

Søren Tyge Sørensen, chairman  
Ove Lorentzen,  
Erich Wagner

### **Executive board**

Ove Lorentzen, managing director  
Karsten Pedersen

### **Auditors**

WILLADS & VIBE-HASTRUP  
Godkendte Revisorer ApS  
Trækbanen 8  
3000 Helsingør

## **Management's review**

### **Selskabets business activities**

The principal activities in the Company are production and sale of seals and comparative products.

### **Business review**

The company's income statement for the year ended 31 December 2015 shows a profit of DKK 6,787,483, and the balance sheet at 31 December 2015 shows equity of DKK 21,415,578.

### **Post balance sheet events**

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

## **Accounting policies**

The annual report of O.L. Seals A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those applied last year.

The annual report for 2015 is presented in Danish kroner.

### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### **Income statement**

#### **Gross profit**

In pursuance of section 32 of the Danish Financial Statements Act, the Company does not disclose its revenue.

The gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.



## **Accounting policies**

### **Revenue**

Revenue from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

### **Raw materials and consumables**

Raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

### **Staff costs**

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

### **Other external expenses**

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### **Financial income and expenses**

Financial income and expenses include interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

### **Tax on profit/loss for the year**

The company is subject to the Danish rules on compulsory joint taxation of the group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

## Accounting policies

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement.

### Balance sheet

#### Tangible assets

Items of Tangible assets are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Where individual parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful life of the asset based on the following expected useful lives:

Plant and machinery	10-20 years
Other fixtures and fittings, tools and equipment	5-20 years
Leasehold improvements	10-20 years

Assets costing less than kr. 12,800 are expensed in the year of acquisition.

Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

#### Stocks

Stocks are measured at using FIFO method. Where the net realisable value is lower than the cost, inventories are carried at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production overheads.

## **Accounting policies**

The net realisable value of stocks is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

### **Receivables**

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

### **Prepayments**

Prepayments comprise costs incurred concerning subsequent financial years.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

### **Equity**

#### **Dividend**

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

#### **Income tax and deferred tax**

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of the taxation rules and taxation rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

### **Liabilities**

Other debts are measured at net realisable value.

## Income Statement 1 January - 31 December 2015

	<u>Note</u>	<u>2015</u> kr.	<u>2014</u> kr.
<b>Gross profit</b>		<b>26.246.184</b>	<b>23.072.909</b>
Staff costs	1	<u>-16.276.758</u>	<u>-15.798.747</u>
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>9.969.426</b>	<b>7.274.162</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-1.038.779</u>	<u>-1.136.902</u>
<b>Profit/loss before financial income and expenses</b>		<b>8.930.647</b>	<b>6.137.260</b>
Financial income	2	123.746	353.866
Financial costs	3	<u>-197.039</u>	<u>-306.848</u>
<b>Profit/loss before tax</b>		<b>8.857.354</b>	<b>6.184.278</b>
Tax on profit/loss for the year	4	<u>-2.069.871</u>	<u>-1.514.008</u>
<b>Net profit/loss for the year</b>		<b><u>6.787.483</u></b>	<b><u>4.670.270</u></b>
 <b>Proposed distribution of profit</b>			
Proposed dividend for the year		<u>6.787.483</u>	<u>4.670.270</u>
		<b><u>6.787.483</u></b>	<b><u>4.670.270</u></b>

## Balance Sheet at 31 December 2015

	<u>Note</u>	<u>2015</u> kr.	<u>2014</u> kr.
<b>Assets</b>			
Plant and machinery		11.699.623	7.640.625
Other fixtures and fittings, tools and equipment		580.335	663.990
Leasehold improvements		2.386.604	417.341
<b>Tangible assets</b>	5	<b><u>14.666.562</u></b>	<b><u>8.721.956</u></b>
Deposits		436.728	436.728
<b>Fixed asset investments</b>		<b><u>436.728</u></b>	<b><u>436.728</u></b>
<b>Fixed assets total</b>		<b><u>15.103.290</u></b>	<b><u>9.158.684</u></b>
Raw materials and consumables		4.772.759	4.110.668
Work in progress		2.832.196	2.769.162
Finished goods and goods for resale		1.766.629	1.864.574
<b>Stocks</b>		<b><u>9.371.584</u></b>	<b><u>8.744.404</u></b>
Trade receivables		4.872.979	5.249.331
Receivables from subsidiaries		0	7.592.629
Receivables from associates		2.425.757	0
Other receivables		647.243	418.602
Corporation tax		228.141	1.067.517
Prepayments		464.181	465.476
<b>Receivables</b>		<b><u>8.638.301</u></b>	<b><u>14.793.555</u></b>
<b>Cash at bank and in hand</b>		<b><u>127</u></b>	<b><u>455</u></b>
<b>Current assets total</b>		<b><u>18.010.012</u></b>	<b><u>23.538.414</u></b>
<b>Assets total</b>		<b><u><u>33.113.302</u></u></b>	<b><u><u>32.697.098</u></u></b>

## Balance sheet at 31 December 2015

	<u>Note</u>	<u>2015</u> kr.	<u>2014</u> kr.
<b>Liabilities and equity</b>			
Share capital		2.500.000	2.500.000
Retained earnings		12.128.095	12.128.095
Proposed dividend for the year		<u>6.787.483</u>	<u>4.670.270</u>
<b>Equity total</b>	<b>6</b>	<b><u>21.415.578</u></b>	<b><u>19.298.365</u></b>
Provision for deferred tax		<u>1.346.828</u>	<u>1.100.816</u>
<b>Provisions total</b>		<b><u>1.346.828</u></b>	<b><u>1.100.816</u></b>
Banks		5.019.570	5.300.929
Trade payables		3.270.506	877.016
Payables to subsidiaries		36.778	3.110.583
Other payables		<u>2.024.042</u>	<u>3.009.389</u>
<b>Short-term debt</b>		<b><u>10.350.896</u></b>	<b><u>12.297.917</u></b>
<b>Debt total</b>		<b><u>10.350.896</u></b>	<b><u>12.297.917</u></b>
<b>Liabilities and equity total</b>		<b><u>33.113.302</u></b>	<b><u>32.697.098</u></b>
Collateral and security	7		
Related parties and ownership	8		

## Notes to the annual report

	<u>2015</u>	<u>2014</u>
	kr.	kr.
<b>1 Staff costs</b>		
Wages and salaries	13.951.561	13.685.059
Pensions	2.010.030	1.828.019
Other social security costs	315.167	285.669
	<u><b>16.276.758</b></u>	<u><b>15.798.747</b></u>
<b>2 Financial income</b>		
Interest received from subsidiaries	0	334.642
Interest received from associates	96.946	0
Other financial income	26.800	19.224
	<u><b>123.746</b></u>	<u><b>353.866</b></u>
<b>3 Financial costs</b>		
Financial expenses, group entities	53.816	167.831
Other financial costs	97.231	105.615
Exchange adjustments costs	45.992	33.402
	<u><b>197.039</b></u>	<u><b>306.848</b></u>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	1.823.859	1.518.483
Deferred tax for the year	246.012	-4.475
	<u><b>2.069.871</b></u>	<u><b>1.514.008</b></u>

## Notes to the annual report

### 5 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2015	16.842.824	1.677.299	417.341
Additions for the year	4.923.929	12.995	2.046.461
Disposals for the year	-789.693	0	0
Cost at 31 December 2015	<u>20.977.060</u>	<u>1.690.294</u>	<u>2.463.802</u>
Impairment losses and depreciation at 1 January 2015	9.202.199	1.013.309	0
Depreciation for the year	864.931	96.650	77.198
Reversal of impairment and depreciation of sold assets	-789.693	0	0
Impairment losses and depreciation at 31 December 2015	<u>9.277.437</u>	<u>1.109.959</u>	<u>77.198</u>
<b>Carrying amount at 31 December 2015</b>	<b><u>11.699.623</u></b>	<b><u>580.335</u></b>	<b><u>2.386.604</u></b>



## Notes to the annual report

### 6 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
Equity at 1 January 2015	2.500.000	12.128.095	4.670.270	19.298.365
Ordinary dividend paid	0	0	-4.670.270	-4.670.270
Net profit/loss for the year	0	0	6.787.483	6.787.483
<b>Equity at 31 December 2015</b>	<b><u>2.500.000</u></b>	<b><u>12.128.095</u></b>	<b><u>6.787.483</u></b>	<b><u>21.415.578</u></b>

### 7 Collateral and security

None.

### 8 Related parties and ownership

#### Controlling interest

Erich Wagner & Co., Hagenau 1, 22089 Hamburg, Germany- is the owner of 51 % of the shares.

#### Ownership

According to the company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

O. L. Seals Holding ApS, Helsingørvej 38, 3200 Helsingør  
Erich Wagner & Co., Hagenau 1, 22089 Hamburg, Germany  
MCM, Via Castello 70, I-24060 Adrara S. Martino, Italy