

## O.L. Seals A/S

**Bymosevej 14  
3200 Helsingør**

**CVR no. 20 11 46 73**

### **Annual report for 2017 (21th Financial year)**

Adopted at the annual general meeting on 30 April 2018

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chairman

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## **Statement by management on the annual report**

The supervisory and executive boards have today discussed and approved the annual report of O.L. Seals A/S for the financial year 1 January - 31 December 2017.

The annual report is 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 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017.

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

Management recommends that the annual report should be approved at the annual general meeting.

Helsingør, 30 April 2018

### **Executive board**

Trygve Kalf Hansen  
managing director

Karsten Pedersen

### **Supervisory board**

Søren Tyge Sørensen  
chairman

Ove Lorentzen

Erich Wagner

Franco Ravanetti

## **Independent auditor's report**

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

### **Opinion**

We have audited the financial statements of O.L. Seals A/S for the financial year 1 January - 31 December 2017, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under 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 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Management's responsibilities 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

## **Independent auditor's report**

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

## **Independent auditor's report**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement on 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 audit 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 audit, 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.

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 Statements Act. We did not identify any material misstatement of management's review.

Elsinore, 30 April 2018

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

Jan Vibe-Hastrup  
registered public accountant  
MNE no. mne1398

Peter Willads  
state-authorised public accountant  
MNE no. mne27850

## **Company details**

### **The company**

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

CVR no.: 20 11 46 73

Reporting period: 1 January - 31 December 2017

Domicile: Gribskov

### **Supervisory board**

Søren Tyge Sørensen, chairman  
Ove Lorentzen  
Erich Wagner  
Franco Ravanetti

### **Executive board**

Trygve Kalf Hansen, managing director  
Karsten Pedersen

### **Auditors**

WILLADS & VIBE-HASTRUP  
Godkendte Revisorer ApS  
Nordlysvænget 10A  
3000 Helsingør

## **Management's review**

### **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 shows a profit of DKK 10.039.139, and the balance sheet at 31 December 2017 shows equity of DKK 26.567.442.

### **Significant events occurring after end of reporting period**

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 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

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

The annual report for 2017 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.

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**

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

### **Other operating income**

Other operating income comprises items of a secondary nature relative to the company's activities.

### **Other external expenses**

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

### **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. The item is net of refunds made by public authorities.

### **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 are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

## **Accounting policies**

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

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 as regards the portion that relates to entries directly in equity.

### **Balance sheet**

#### **Tangible assets**

Items of plant and machinery and fixtures and fittings, tools and equipment 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. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

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

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 DKK 13.200 are expensed in the year of acquisition.

#### **Stocks**

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

## **Accounting policies**

### **Impairment of fixed assets**

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

### **Receivables**

Receivables are measured at amortised cost.

### **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 in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

### **Liabilities**

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

**Income statement**  
**1 January 2017 - 31 December 2017**

	Note	2017 DKK	2016 DKK
<b>Gross profit</b>		<b>30.393.825</b>	<b>23.400.279</b>
Staff costs	1	<u>-16.099.065</u>	<u>-16.394.731</u>
<b>Earnings Before Interest Taxes Depreciation and Amortisation</b>		<b>14.294.760</b>	<b>7.005.548</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-1.317.324</u>	<u>-1.232.518</u>
<b>Profit/loss before financial income and expenses</b>		<b>12.977.436</b>	<b>5.773.030</b>
Financial income		2.610	39.858
Financial costs	2	<u>-106.654</u>	<u>-290.920</u>
<b>Profit/loss before tax</b>		<b>12.873.392</b>	<b>5.521.968</b>
Tax on profit/loss for the year	3	<u>-2.834.253</u>	<u>-1.221.761</u>
<b>Net profit/loss for the year</b>		<b><u>10.039.139</u></b>	<b><u>4.300.207</u></b>

**Proposed distribution of profit**

Proposed dividend for the year	5.000.000	0
Extraordinary dividend for the year	0	2.400.000
Retained earnings	<u>5.039.139</u>	<u>1.900.207</u>
	<b><u>10.039.139</u></b>	<b><u>4.300.207</u></b>

## Balance sheet at 31 December 2017

	Note	2017 DKK	2016 DKK
<b>Assets</b>			
Plant and machinery		10.316.677	10.693.209
Other fixtures and fittings, tools and equipment		770.837	171.175
Leasehold improvements		2.278.582	2.398.598
<b>Tangible assets</b>	4	<b>13.366.096</b>	<b>13.262.982</b>
Deposits		468.184	449.830
<b>Fixes asset investments</b>		<b>468.184</b>	<b>449.830</b>
<b>Fixed assets total</b>		<b>13.834.280</b>	<b>13.712.812</b>
Raw materials and consumables		4.768.751	4.349.211
Work in progress		2.692.515	2.386.048
Finished goods and goods for resale		2.319.597	1.980.635
<b>Stocks</b>		<b>9.780.863</b>	<b>8.715.894</b>
Trade receivables		6.135.809	5.258.890
Receivables from associates		89.628	40.421
Other receivables		504.074	179.166
Prepayments		510.545	506.467
<b>Receivables</b>		<b>7.240.056</b>	<b>5.984.944</b>
<b>Cash at bank and in hand</b>		<b>3.240.109</b>	<b>352</b>
<b>Current assets total</b>		<b>20.261.028</b>	<b>14.701.190</b>
<b>Assets total</b>		<b>34.095.308</b>	<b>28.414.002</b>

## Balance sheet at 31 December 2017

	Note	2017 DKK	2016 DKK
<b>Liabilities and equity</b>			
Share capital		2.500.000	2.500.000
Retained earnings		19.067.442	14.028.303
Proposed dividend for the year		5.000.000	0
<b>Equity</b>	5	<b>26.567.442</b>	<b>16.528.303</b>
Provision for deferred tax		1.547.905	1.419.621
<b>Provisions total</b>		<b>1.547.905</b>	<b>1.419.621</b>
Banks		0	3.356.492
Trade payables		2.451.872	1.686.108
Payables to subsidiaries		0	2.426.851
Payables to associates		0	1.124.737
Corporation tax		1.780.223	198.968
Other payables		1.747.866	1.672.922
<b>Short-term debt</b>		<b>5.979.961</b>	<b>10.466.078</b>
<b>Debt total</b>		<b>5.979.961</b>	<b>10.466.078</b>
<b>Liabilities and equity total</b>		<b>34.095.308</b>	<b>28.414.002</b>
Rental agreements and lease commitments	6		
Charges and securities	7		
Related parties and ownership	8		

## Notes

	2017 DKK	2016 DKK
<b>1 Staff costs</b>		
Wages and salaries	13.817.197	14.060.295
Pensions	1.978.314	2.009.686
Other social security costs	300.534	324.871
Other staff costs	3.020	-121
	<b><u>16.099.065</u></b>	<b><u>16.394.731</u></b>
Average number of employees	32	32
<b>2 Financial costs</b>		
Financial expenses, group entities	19.542	47.265
Financial expenses, associates	9.194	22.239
Other financial costs	46.084	189.288
Exchange adjustments costs	31.834	32.128
	<b><u>106.654</u></b>	<b><u>290.920</u></b>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	2.705.969	1.148.968
Deferred tax for the year	128.284	72.793
	<b><u>2.834.253</u></b>	<b><u>1.221.761</u></b>

## Notes

### 4 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2017	20,977,060	924,314	2,638,740
Additions for the year	639,163	733,577	47,698
Disposals for the year	-409,544	-361,204	0
Cost at 31 December 2017	<u>21,206,679</u>	<u>1,296,687</u>	<u>2,686,438</u>
Impairment losses and depreciation at 1 January 2017	10,283,851	753,139	240,142
Depreciation for the year	1,015,695	133,915	167,714
Reversal of impairment and depreciation of sold assets	-409,544	-361,204	0
Impairment losses and depreciation at 31 December 2017	<u>10,890,002</u>	<u>525,850</u>	<u>407,856</u>
<b>Carrying amount at 31 December 2017</b>	<b><u>10,316,677</u></b>	<b><u>770,837</u></b>	<b><u>2,278,582</u></b>

## Notes

### 5 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2017	2.500.000	14.028.303	0	16.528.303
Net profit/loss for the year	0	5.039.139	5.000.000	10.039.139
<b>Equity at 31 December 2017</b>	<b>2.500.000</b>	<b>19.067.442</b>	<b>5.000.000</b>	<b>26.567.442</b>

### 6 Rental agreements and lease commitments

Operating lease commitments.

Total future lease payments:

	2017 DKK	2016 DKK
Within 1 year	109.800	109.800
Between 1 and 5 years	54.900	164.700
	<b>164.700</b>	<b>274.500</b>

Operating lease commitments.

Total future lease payments:

After 5 years	0	0
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### 7 Charges and securities

None.

### 8 Related parties and ownership

#### Controlling interest

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

## **Notes**

### **8 Related parties and ownership (continued)**

#### **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:

Erich Wagner & Co., Hagenau, 22089 Hamburg, Germany  
MCM SpA, Via Castello 70, I-24060 Adrara S. Martino, Italy

## Trygve Kalf Hansen

Som Direktør NEM ID  
PID: 9208-2002-2-270768997541  
Tidspunkt for underskrift: 02-05-2018 kl.: 16:13:01  
Underskrevet med NemID

## Karsten Pedersen

Som Direktør NEM ID  
PID: 9208-2002-2-898939575479  
Tidspunkt for underskrift: 07-05-2018 kl.: 09:14:28  
Underskrevet med NemID

## Søren Tyge Sørensen

Som Bestyrelsesformand NEM ID  
PID: 9208-2002-2-854918203160  
Tidspunkt for underskrift: 07-05-2018 kl.: 12:36:57  
Underskrevet med NemID

## Ove Lorentzen

Som Bestyrelsesmedlem NEM ID  
PID: 9208-2002-2-142498775489  
Tidspunkt for underskrift: 08-05-2018 kl.: 11:13:17  
Underskrevet med NemID

## Jan Vibe-Hastrup

Som Revisor NEM ID  
RID: 1160991228958  
Tidspunkt for underskrift: 08-05-2018 kl.: 12:44:01  
Underskrevet med NemID

## Peter Willads

Som Revisor NEM ID  
RID: 1160570712311  
Tidspunkt for underskrift: 08-05-2018 kl.: 11:14:20  
Underskrevet med NemID

## Søren Tyge Sørensen

Som Dirigent NEM ID  
PID: 9208-2002-2-854918203160  
Tidspunkt for underskrift: 08-05-2018 kl.: 12:46:06  
Underskrevet med NemID

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