



AALBERTS INDUSTRIES SCANDINAVIA A/S

Skovvej 30, 5610 Assens

ANNUAL REPORT 2017

Commercial reg. No. 21 55 26 31

Approved by the company at the general meeting 17 May 2018

Chairman

A handwritten signature in blue ink, written over a horizontal line. The signature is cursive and appears to read 'Søren Skov'.

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STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS ON THE ANNUAL REPORT

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Aalberts Industries Scandinavia 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 financial position at 31 December 2017 of the Company and the Group and of the results of the Company operations and cash flows for 2017.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Assens, 17 May 2018

Executive Board


Henning Birk Nicolajsen

Supervisory Board


Wiebe Arnold Pelsma
Chairman


Johnny Eijgendaal


Henning Birk Nicolajsen

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Aalberts Industries Scandinavia A/S

We have audited the financial statements of Aalberts Industries Scandinavia A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of Entity's financial position at 31.12.2017, and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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 judgement and maintain professional scepticism 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Assens, 17 May 2018

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR-no. 33 96 35 56



Henrik Vedel

State Authorised Public Accountant

MNE-no. mne 10052

COMPANY INFORMATION

Company

Aalberts Industries Scandinavia A/S

Skovvej 30

5610 Assens

Company registration no.: 21 55 26 31

Registered in: Assens

Supervisory Board

Wiebe Arnold Pelsma, Chairman

Johnny Eijgendaal

Henning Birk Nicolajsen

Executive Board

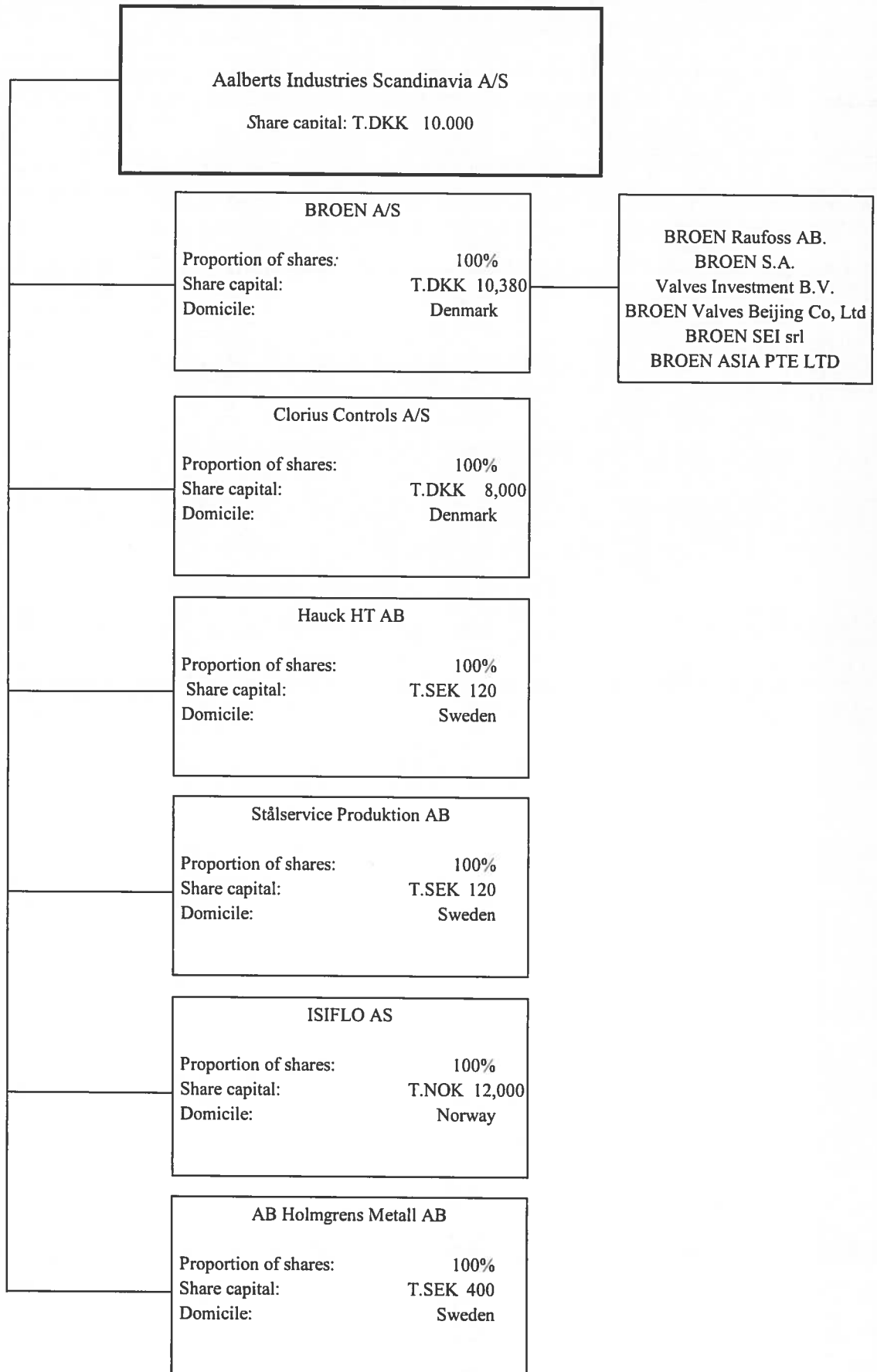
Henning Birk Nicolajsen

Company Auditor

Deloitte

Statsautoriseret Revisionspartnerselskab

GROUP STRUCTURE AS AT 31.12.2017



MANAGEMENT'S REVIEW

Aalberts Industries Scandinavia A/S is part of the international group Aalberts Industries N.V. listed on the Euro-next Amsterdam and on the AEX index.

Principal activities

The company is established with the object of being a holding company for the companies in Scandinavia. The company can furthermore conduct business within manufacturing and trade.

The result of year 2017

The result for the year is computed to TDKK 108,609 compared to last year of TDKK 85,717. This is due to BROEN A/S has transferred a daughter company within Material Technology to a sister company within Aalberts Industries N.V. The balance sheet shows aggregate assets of TDKK 609,250 and equity of TDKK 607,803. The result is regarded as satisfactory.

Subsequent events

No events have occurred subsequent to the balance sheet date and up to this date that change the assessment of the annual accounts substantially.

Corporate Responsibility

The company has not prepared a local CSR policy, but observes and complies with the CSR stipulations and guidelines stated in the annual report of the ultimate parent company Aalberts Industries N.V. - see Annual Report 2017 for Aalberts Industries N.V. on the website www.aalberts.com.

ACCOUNTING POLICIES

Basis of preparation

The Annual Report of Aalberts Industries Scandinavia 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 with compliance of some provisions of reporting in class C.

Consolidated Financial Statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The Annual Report of Aalberts Industries Scandinavia A/S and its subsidiaries is included in the Consolidated Financial Statements of Aalberts Industries N.V., The Netherlands.

Investments in affiliated undertakings

Investments in affiliated undertakings are measured under the equity method.

The items "Result after tax in affiliated undertakings" in the income statement include the proportionate share of the profit after tax less goodwill amortisation.

The items "Capital participation in affiliated undertakings" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of any remaining value of goodwill or negative goodwill.

Affiliated undertakings with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

The total net revaluation of investments in affiliated undertakings is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity.

At the acquisition of affiliated undertakings their assets and liabilities are measured at the realisable value at the time of acquisition and with due due consideration to the inclusion of possible restructuring provisions made for the company acquired. Goodwill paid for at the acquisition is included in "Capital participation in affiliated undertakings" and is amortized on a straight-line basis over the estimated useful life. The maximum amortization period is 20 years.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at transaction dates. Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Gains and losses from foreign currencies are recognised in financial income and expenses in the income statement.

Foreign subsidiaries and associates of the Company are separate legal entities and the income statements are translated at average exchange rates, whereas balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange adjustments arising on the translation of the opening equity of foreign enterprises and exchange adjustments arising from the translation at average exchange rates of the income statements of foreign enterprises are recognised directly in equity.

Exchange adjustments of loans in foreign currencies contracted for the hedging of investments in foreign subsidiaries and associates or loans considered to be derived from the investment are recognised directly in equity. If the hedge is not effective, the ineffective portion is reported immediately in net profit or loss.

Corporation tax and deferred tax

The company is jointly taxed with the Danish companies that form part of the overall parent company. The tax effect of the joint taxation of the enterprises is allocated to both profitable and unprofitable Danish enterprises in relation to their taxable income (full allocation with refund of fiscal losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Tax for the year consists of current tax for the year and deferred tax for the year.

Current tax are recognised in other receivables in the balance sheet in the event of overpayment of tax on account, and in other creditors in the event of underpayment of tax on account.

Deferred tax provisions are made for the deviations between the accounting value and the tax value of assets and liabilities. Deferred tax assets are included at the expected realisable value.

Adjustment is made for deferred tax concerning unrealized intercompany gains and losses.

Income Statement

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the on account taxation scheme.

Balance Sheet

Receivables

Receivables are recognised in the balance sheet at nominal value less provisions for bad debts.

Provisions for bad debts are determined on the basis of an individual assessment of each receivable and a general provision is also made based on the Company's experience.

Cash and cash equivalents

The cash and cash equivalents of the cash flow statement cover cash and cash equivalents with the deduction of short term debts, this forms the basis of the cash flow control of the company.

The cash flow statement cannot be immediately derived from the published financial records.

PROFIT AND LOSS ACCOUNT FOR 2017

	<u>Note</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Gross profit		2,547	2,640
Staff expenses		<u>(3,395)</u>	<u>(3,423)</u>
Operating profit		(848)	(783)
Result after tax in affiliated undertakings	1	109,331	85,717
Financial income	2	508	618
Financial expenses	3	<u>(586)</u>	<u>(511)</u>
Profit before tax		108,405	85,041
Tax on profit of the year	4	<u>204</u>	<u>134</u>
NET PROFIT OF THE YEAR		<u>108,609</u>	<u>85,175</u>

DISTRIBUTION OF PROFIT**Proposed distribution of profit**

Proposed dividend for the year	45,000	45,000
Reserve for net revaluation according to the equity value method	109,331	85,717
Retained profit	<u>(45,722)</u>	<u>(45,542)</u>
	<u>108,609</u>	<u>85,175</u>

BALANCE SHEET AS AT 31.12.2017**ASSETS**

	<u>Note</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Capital participation in affiliated undertakings		519,510	481,003
Financial fixed assets	5	<u>519,510</u>	<u>481,003</u>
FIXED ASSETS		<u>519,510</u>	<u>481,003</u>
Receivables from affiliated undertakings		89,721	72,362
Tax receivables		0	2,511
Other receivables		19	19
Receivables		<u>89,740</u>	<u>74,892</u>
CURRENT ASSETS		<u>89,740</u>	<u>74,892</u>
ASSETS		<u>609,250</u>	<u>555,895</u>

BALANCE SHEET AS AT 31.12.2017**LIABILITIES**

	<u>Note</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Share capital	6	10,000	10,000
Reserve for net revaluation according to the equity value method		226,638	188,130
Retained profit		326,165	311,270
Proposed dividend for the year		45,000	45,000
EQUITY		<u>607,803</u>	<u>554,400</u>
Suppliers		58	39
Amount owed to affiliated undertakings		0	9
Other creditors		1,389	1,447
Short term debt		<u>1,447</u>	<u>1,495</u>
TOTAL DEBT		<u>1,447</u>	<u>1,495</u>
LIABILITIES AND EQUITY		<u>609,250</u>	<u>555,895</u>

Pledged assets and contingent liabilities, etc. note 7.

Closely related partners, note 8.

STATEMENT OF CHANGES IN EQUITY

	<i>Share capital</i> <i>DKK'000</i>	<i>Reserve under the equity method</i> <i>DKK'000</i>	<i>Retained earnings</i> <i>DKK'000</i>	<i>Proposed dividend</i> <i>DKK'000</i>	<i>Total</i> <i>DKK'000</i>
Equity at 01.01.2017	10,000	188,130	311,270	45,000	554,400
Paid-up dividend				(45,000)	(45,000)
Exchange rate adjustment concerning affiliated companies		(9,007)			(9,007)
Direct equity movement		(1,199)			(1,199)
Received dividend from affiliated companies		(60,617)	60,617		0
Net profit for the year		109,331	(722)		108,609
Proposed dividend for the year			(45,000)	45,000	0
Equity at 31.12.2017	10,000	226,638	326,165	45,000	607,803

	<i>Share capital</i> <i>DKK'000</i>	<i>Reserve under the equity method</i> <i>DKK'000</i>	<i>Retained earnings</i> <i>DKK'000</i>	<i>Proposed dividend</i> <i>DKK'000</i>	<i>Total</i> <i>DKK'000</i>
Equity at 01.01.2016	10,000	132,904	308,303	40,000	491,207
Paid-up dividend				(40,000)	(40,000)
Exchange rate adjustment concerning affiliated companies		20,577			20,577
Direct equity movement		(2,559)			(2,559)
Received dividend from affiliated companies		(48,509)	48,509		0
Net profit for the year		85,717	(542)		85,175
Proposed dividend for the year			(45,000)	45,000	0
Equity at 31.12.2016	10,000	188,130	311,270	45,000	554,400

NOTES TO THE ANNUAL REPORT

	<u>2017</u> <i>DKK'000</i>	<u>2016</u> <i>DKK'000</i>
1. Result after tax in affiliated undertakings		
Shares of profit before tax	111,237	87,800
Change in unrealised internal profit on stocks	8	(169)
Depreciation on Goodwill	<u>(1,914)</u>	<u>(1,914)</u>
	<u>109,331</u>	<u>85,717</u>
2. Financial income		
Interest owed from affiliated undertakings	142	405
Other interest income	<u>366</u>	<u>213</u>
	<u>508</u>	<u>618</u>
3. Financial expenses		
Other interest	<u>586</u>	<u>511</u>
	<u>586</u>	<u>511</u>
4. Tax		
Current tax	<u>(204)</u>	<u>(134)</u>
	<u>(204)</u>	<u>(134)</u>

NOTES TO THE ANNUAL REPORT

	Capital participation in affiliated undertakings <u>DKK'000</u>
5. Financial fixed assets	
Cost at 01.01.2017	292,873
Additions	0
Disposals	<u>0</u>
Cost at 31.12.2017	<u>292,873</u>
Revaluations at 01.01.2017	203,859
Exchange rate adjustment	(9,007)
Direct equity movement	(1,199)
Profit for the year of capital participation	106,191
Depreciation on goodwill	(1,914)
Dividend for parent company	<u>(54,617)</u>
Revaluations at 31.12.2017	<u>243,313</u>
Amortization at 01.01.2017	(15,729)
Profit for the year of capital participation	5,053
Dividend for parent company	<u>(6,000)</u>
Amortization at 31.12.2017	<u>(16,676)</u>
Book value at 31.12.2017	<u>519,510</u>
Book value at 31.12.2016	<u>481,003</u>
Hereof measured as goodwill	<u>10,969</u>

NOTES TO THE ANNUAL REPORT

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
6. Share capital		
The share capital consists of shares of DKK 1,000 or multiples hereof		
Balance at 01.01.2017	10,000	10,000
Balance at 31.12.2017	10,000	10,000

The shares are not divided into classes.

7. Pledged assets and contingent liabilities, etc.**Suretyship:**

The Company has no suretyship per 31/12 2017.

8. Closely related partners**Shareholder relations**

During the year there have been no transactions, except from dividend, involving the board of management, the board of directors, major shareholders, associated companies and other closely related or associated parties.

Group information

The company is included in the consolidated annual accounts prepared by Aalberts Industries N.V., the Netherlands. The consolidated annual accounts for Aalberts Industries N.V. can be requested on application to Broen A/S, Skovvej 30, 5610 Assens.