

Ronstan Denmark ApS

Jægervænget 36

7100 Vejle

Business Registration No

25941772

Annual report 01.07.2017 - 30.06.2018

The Annual General Meeting adopted the annual report on 09.10.2018

Chairman of the General Meeting

Name: Thomas Olufsen Meyer

Contents

	<u>Page</u>
Entity details	2
Statement by Management on the annual report	2
Independent auditor's report	2
Management commentary	2
Income statement for 2017/18	2
Balance sheet at 30.06.2018	2
Statement of changes in equity for 2017/18	2
Notes	2
Accounting policies	2

Entity details

Entity

Ronstan Denmark ApS
Jægervænget 36
7100 Vejle

Central Business Registration No (CVR): 25941772

Registered in: Vejle

Financial year: 01.07.2017 - 30.06.2018

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Website: www.ronstan.dk

E-mail: office@ronstan.dk

Executive Board

Scot P. West

Laine Norman McCooke

Alistair Murray

Louis F. Sander

Thomas Olufsen Meyer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Ronstan Denmark ApS for the financial year 01.07.2017 - 30.06.2018.

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 Entity's financial position at 30.06.2018 and of the results of its operations for the financial year 01.07.2017 - 30.06.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Vejle, 09.10.2018

Executive Board

Scot P. West

Laine Norman McCooke

Alistair Murray

Louis F. Sander

Thomas Olufsen Meyer

Independent auditor's report

To the shareholders of Ronstan Denmark ApS

Opinion

We have audited the financial statements of Ronstan Denmark ApS for the financial year 01.07.2017 - 30.06.2018, 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 the Entity's financial position at 30.06.2018 and of the results of its operations for the financial year 01.07.2017 - 30.06.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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:

Independent auditor's report

- 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.

Independent auditor's report

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.

Kolding, 09.10.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Ole Søndergaard Larsen
State Authorised Public Accountant
Identification No (MNE) mne11676

Management commentary

Primary activities

The Company's primary activities consist in development, production and sale of boat equipment.

Development in activities and finances

The profit from Ordinary Operations of DKK 2.327K was an improvement on the 2016/17 result of DKK 2.071K.

Operating cash flow for the year was positive with payables to group entities reduced by DKK 3.318K.

The Directors see opportunities for modest future growth in both turnover and profits.

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.

Income statement for 2017/18

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Gross profit	2	13.397.732	12.833.415
Distribution costs		(2.304.767)	(2.351.875)
Administrative expenses		<u>(8.574.472)</u>	<u>(8.138.510)</u>
Operating profit/loss		2.518.493	2.343.030
Other financial income		137.447	259.607
Other financial expenses	3	<u>(328.913)</u>	<u>(532.060)</u>
Profit/loss before tax		2.327.027	2.070.577
Tax on profit/loss for the year	4	<u>(525.406)</u>	<u>(470.258)</u>
Profit/loss for the year		<u>1.801.621</u>	<u>1.600.319</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		2.500.000	0
Retained earnings		<u>(698.379)</u>	<u>1.600.319</u>
		<u>1.801.621</u>	<u>1.600.319</u>

Balance sheet at 30.06.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Acquired patents		842.827	980.216
Acquired rights		308.727	1.707.899
Goodwill		<u>0</u>	<u>0</u>
Intangible assets	5	<u>1.151.554</u>	<u>2.688.115</u>
Plant and machinery		4.457.514	5.206.592
Other fixtures and fittings, tools and equipment		78.036	117.378
Leasehold improvements		<u>435.689</u>	<u>722.905</u>
Property, plant and equipment	6	<u>4.971.239</u>	<u>6.046.875</u>
Fixed assets		<u>6.122.793</u>	<u>8.734.990</u>
Raw materials and consumables		2.211.949	1.932.834
Work in progress		6.956.928	6.705.017
Manufactured goods and goods for resale		<u>928.014</u>	<u>1.015.289</u>
Inventories		<u>10.096.891</u>	<u>9.653.140</u>
Trade receivables		3.563.193	3.284.327
Receivables from group enterprises		921.656	0
Other receivables		300.320	239.128
Prepayments		<u>191.221</u>	<u>194.975</u>
Receivables		<u>4.976.390</u>	<u>3.718.430</u>
Cash		<u>4.078.246</u>	<u>2.733.421</u>
Current assets		<u>19.151.527</u>	<u>16.104.991</u>
Assets		<u>25.274.320</u>	<u>24.839.981</u>

Balance sheet at 30.06.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Contributed capital		2.000.000	2.000.000
Retained earnings		7.043.311	7.741.690
Proposed dividend		<u>2.500.000</u>	<u>0</u>
Equity		<u>11.543.311</u>	<u>9.741.690</u>
Deferred tax	7	<u>721.247</u>	<u>944.980</u>
Provisions		<u>721.247</u>	<u>944.980</u>
Trade payables		1.693.898	962.823
Payables to group enterprises		8.080.510	10.476.955
Income tax payable		749.139	405.812
Other payables		<u>2.486.215</u>	<u>2.307.721</u>
Current liabilities other than provisions		<u>13.009.762</u>	<u>14.153.311</u>
Liabilities other than provisions		<u>13.009.762</u>	<u>14.153.311</u>
Equity and liabilities		<u>25.274.320</u>	<u>24.839.981</u>
Unrecognised rental and lease commitments	8		
Assets charged and collateral	9		
Group relations	10		

Statement of changes in equity for 2017/18

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	2.000.000	7.741.690	0	9.741.690
Profit/loss for the year	0	(698.379)	2.500.000	1.801.621
Equity end of year	2.000.000	7.043.311	2.500.000	11.543.311

Notes

	<u>2017/18</u>	<u>2016/17</u>
1. Staff costs		
Average number of employees	<u>27</u>	<u>28</u>
	<u>2017/18</u>	<u>2016/17</u>
	<u>DKK</u>	<u>DKK</u>
2. Depreciation, amortisation and impairment losses		
Profit/loss from sale of intangible assets and property, plant and equipment	<u>(45.500)</u>	<u>(228.000)</u>
	<u>(45.500)</u>	<u>(228.000)</u>
	<u>2017/18</u>	<u>2016/17</u>
	<u>DKK</u>	<u>DKK</u>
3. Other financial expenses		
Financial expenses from group enterprises	312.213	517.732
Other interest expenses	<u>16.700</u>	<u>14.328</u>
	<u>328.913</u>	<u>532.060</u>
	<u>2017/18</u>	<u>2016/17</u>
	<u>DKK</u>	<u>DKK</u>
4. Tax on profit/loss for the year		
Current tax	749.139	405.812
Change in deferred tax	<u>(223.733)</u>	<u>64.446</u>
	<u>525.406</u>	<u>470.258</u>

Notes

	Acquired patents DKK	Acquired rights DKK	Goodwill DKK
5. Intangible assets			
Cost beginning of year	5.522.550	12.311.706	10.000.000
Cost end of year	5.522.550	12.311.706	10.000.000
Amortisation and impairment losses beginning of year	(4.542.334)	(10.603.807)	(10.000.000)
Amortisation for the year	(137.389)	(1.399.172)	0
Amortisation and impairment losses end of year	(4.679.723)	(12.002.979)	(10.000.000)
Carrying amount end of year	842.827	308.727	0
		Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
6. Property, plant and equipment	Plant and machinery DKK		
Cost beginning of year	24.259.891	2.766.731	2.335.960
Additions	55.600	16.849	0
Disposals	0	(408.500)	0
Cost end of year	24.315.491	2.375.080	2.335.960
Depreciation and impairment losses beginning of year	(19.053.299)	(2.649.353)	(1.613.055)
Depreciation for the year	(804.678)	(56.191)	(287.216)
Reversal regarding disposals	0	408.500	0
Depreciation and impairment losses end of year	(19.857.977)	(2.297.044)	(1.900.271)
Carrying amount end of year	4.457.514	78.036	435.689

Notes

	2017/18	2016/17
	DKK	DKK
7. Deferred tax		
Intangible assets	253.342	591.386
Property, plant and equipment	361.060	317.300
Inventories	71.376	0
Receivables	35.469	36.294
	721.247	944.980

	2017/18	2016/17
	DKK	DKK
8. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	5.649.347	8.000.168

The lease may be cancelled by the Company on 1 October 2020.

9. Assets charged and collateral

The Company has guaranteed for the Parent's debt to third party by way of a deposited mortgage deed registered to the mortgagor of DKK 42.500k nominal on operating equipment, rights and goodwill etc. with a carrying amount of DKK 6.123k (2016/17: DKK 8.735k).

The Company's bank has issued a guarantee of DKK 2,063k as security for rental obligations.

10. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Ronstan International Pty. Ltd., 19 Park Way, Braeside, Victoria, Australia.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

Recognition and measurement

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 Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity 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 Entity, and the value of the liability 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs.

Revenue

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.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Accounting policies

Administrative costs

Administrative costs comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to property, plant and equipment used for administration of the Entity.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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.

Balance sheet

Goodwill

Goodwill in connection with the take-over of the activity is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed on an annual basis. The amortisation periods used are 7 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Acquired patents are measured at cost less accumulated amortization and impairment losses. The amortization period for patents exceeds 5 years as the patents are amortized over the remaining term of the patent which is normally 7-15 years.

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

Acquired similar rights comprise acquired rights, trademark and know-how. The acquired similar rights are measured at cost less accumulated amortisation and impairment losses. The amortisation period is 3-7 years. Management evaluated that the useful life of the trademark and know-how exceeds 5 years for which reason the amortization period is 7 years.

Accounting policies

Acquired similar rights are written down to the lower of recoverable amount and carrying amount.

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.

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

The basis of depreciation is cost less 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	3-13 years
Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	3-8 years

For leasehold improvements the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the standard cost price and net realisable value.

Cost 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 indirect production costs.

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 writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

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

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.

Other financial liabilities

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

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.