Crowe Horwath

Statsautoriserede revisorer
Member Crowe Horwath International

Rygårds Allé 104
DK-2900 Hellerup
+45 39 29 25 00
+45 39 29 25 03 Fax
info@crowehorwath.dk
www.crowehorwath.dk

Mega Fortris (Europe) ApS Ltd.

Aa.Louis-Hansens Alle 4
3060 Espergærde

CVR no. 26 57 43 15

Annual report for 2016/17

(14th Financial year)

Adopted at the annual general meeting
on 28 November 2017

Ole Fast
chairman

Contents

Statement by Management on the annual report

The Supervisory and Executive Boards have today discussed and approved the annual report of Mega Fortris (Europe) ApS Ltd. for the financial year 1 July 2016 - 30 June 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 30 June 2017, and of the results of the company's operations for the financial year 1 July 2016 - 30 June 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.

Espergærde, 28 November 2017

Executive board

Ole Fast

Supervisory board

Ng Meng Poh ordinary member	Ng Meng Kee ordinary member	Ole Fast ordinary member

Independent auditor's report

To the shareholder of Mega Fortris (Europe) ApS Ltd.

Opinion

We have audited the financial statements of Mega Fortris (Europe) ApS Ltd. for the financial year 1 July 2016 - 30 June 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 30 June 2017, and of the results of the company's operations for the financial year 1 July 2016 - 30 June 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.

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.

Independent auditor's report

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.

Hellerup, 28 November 2017
CVR no. 33 25 68 76
Crowe Horwath

Lasse Nørgård
Statsautoriseret revisor

Company details

The Company	Mega Fortris (Europe) ApS Ltd. Aa.Louis-Hansens Alle 4 3060 Espergærde	
	CVR no.:	26 57 43 15
	Reporting period:	1 July - 30 June
	Incorporated:	19. April 2002
	Domicile:	Helsingør
Supervisory Board	Ng Meng Poh Ng Meng Kee Ole Fast	
Executive Board	Ole Fast	
Auditors	Crowe Horwath Statsautoriseret Revisionsinteressentskab Rygårds Allé 104 2900 Hellerup	

Management's review

Business activities
The Company´s activities consists of trade in safety seals.

Business review
The Company's income statement for the year ended 30 June shows a profit of DKK 3.630.747, and the balance sheet at 30 June 2017 shows equity of DKK 18.651.075.

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 Mega Fortris (Europe) ApS Ltd. for 2016/17 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.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

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's 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's 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 are 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 other operating income less consumables and other external expenses.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and property, plant and equipment.

Accounting policies

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, realised and unrealised capital/exchange gains and losses on foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Profit/loss from investments in subsidiaries and associates

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in the company income statement after elimination of the proportionate share of intra-group profits/gains.

Tax on profit/loss for the year

The company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

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.

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 land and buildings, 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. Land is not depreciated.

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:

	Useful life		Residual value
Land and building	40	years	20 %
Other fixtures and fittings, tools and equipment	5	years	0 %

Assets costing less than DKK 13.200 are expensed in the year of acquisition.

Accounting policies

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries and associates
Investments in subsidiaries and associates are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, less or plus unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill made up according to the purchase method.

Investments in subsidiaries and associates with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries and associates are taken to the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Mega Fortris (Europe) ApS Ltd. is adopted are not taken to the net revaluation reserve.

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

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.

Accounting policies

Equity
Reserve for net revaluation according to the equity method
The reserve for net revaluation according to the equity method comprises net revaluation of investments in subsidiaries and associates relative to the cost.

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 deffered 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
Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

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.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement
1 July 2016 - 30 June 2017

	Note	2016/17	2015/16
		DKK	TDKK
Gross profit		**5.629.724**	**5.528**
Staff costs	1	-2.217.258	-2.438
Earnings Before Interest Taxes Depreciation and Amortization		**3.412.466**	**3.090**
Depreciation, amortisation of assets and property, plant and equipment		-194.941	-190
Profit/loss before financial income and expenses		**3.217.525**	**2.900**
Income from investments in subsidiares		1.297.645	1.414
Financial income	2	0	41
Financial costs	3	-222.654	-123
Profit/loss before tax		**4.292.516**	**4.232**
Tax on profit/loss for the year	4	-661.769	-626
Net profit/loss for the year		**3.630.747**	**3.606**

Proposed distribution of profit

Proposed dividend for the year		3.200.000	3.500
Reserve for net revaluation under the equity method		378.109	984
Retained earnings		52.638	-878
		3.630.747	**3.606**

Balance sheet at 30 June 2017

	Note	2016/17	2015/16
		DKK	TDKK
Assets			
Land and buildings		6.990.405	7.127
Other fixtures and fittings, tools and equipment		80.878	120
Tangible assets	5	**7.071.283**	**7.247**
Investments in subsidiaries	6	6.763.982	6.579
Fixed asset investments		**6.763.982**	**6.579**
Fixed assets total		**13.835.265**	**13.826**
Finished goods and goods for resale		1.714.651	1.780
Prepayments for goods		0	23
Stocks		**1.714.651**	**1.803**
Trade receivables		4.118.703	3.842
Receivables from subsidiaries		7.049.544	8.258
Other receivables		6.854	0
Receivables		**11.175.101**	**12.100**
Cash at bank and in hand		**400.391**	**949**
Current assets total		**13.290.143**	**14.852**
Assets total		**27.125.408**	**28.678**

Balance sheet at 30 June 2017

	Note	2016/17 DKK	2015/16 TDKK
Liabilities and equity			
Share capital		125.000	125
Reserve for net revaluation under the equity method		6.226.692	6.041
Retained earnings		9.099.383	9.047
Proposed dividend for the year		3.200.000	3.500
Equity	7	**18.651.075**	**18.713**
Provision for deferred tax		357.616	338
Provisions total		**357.616**	**338**
Mortgage loans		2.465.764	2.702
Corporation tax		377.452	302
Long-term debt	8	**2.843.216**	**3.004**
Short-term part of long-term debt	8	233.881	230
Banks		97.400	0
Trade payables		337.021	176
Payables to related companies		4.055.590	5.610
Other payables		549.609	607
Short-term debt		**5.273.501**	**6.623**
Debt total		**8.116.717**	**9.627**
Liabilities and equity total		**27.125.408**	**28.678**
Contingent assets, liabilities and other financial obligations	9		
Charges and securities	10		

Notes

		2016/17	2015/16
		DKK	TDKK
1	**Staff costs**		
	Wages and salaries	2.193.147	2.412
	Pensions	0	17
	Other social security costs	24.111	9
		2.217.258	**2.438**
	Average number of employees	4	4
2	**Financial income**		
	Other financial income	0	41
		0	**41**
3	**Financial costs**		
	Other financial costs	222.654	123
		222.654	**123**
4	**Tax on profit/loss for the year**		
	Current tax for the year	644.182	602
	Deferred tax for the year	19.761	22
	Adjustment of tax concerning previous years	-2.174	2
		661.769	**626**

Notes

5 Tangible assets

	Land and buildings	Other fixtures and fittings, tools and equipment
Cost at 1 July 2016	8.140.797	523.397
Additions for the year	0	18.679
Cost at 30 June 2017	8.140.797	542.076
Impairment losses and depreciation at 1 July 2016	1.014.440	402.209
Depreciation for the year	135.952	58.989
Impairment losses and depreciation at 30 June 2017	1.150.392	461.198
Carrying amount at 30 June 2017	**6.990.405**	**80.878**

Notes

		2016/17	2015/16
		DKK	TDKK
6	**Investments in subsidiaries**		
	Cost at 1 July 2016	537.290	539
	Cost at 30 June 2017	537.290	539
	Revaluations at 1 July 2016	6.040.396	5.769
	Exchange adjustment	-191.813	-712
	Net profit/loss for the year	1.328.525	1.444
	Dividend to the Parent Company	-952.345	-644
	Amortisation of goodwill	-30.880	-31
	Equity investments with negative net asset value amortised over receivables	32.809	214
	Revaluations at 30 June 2017	6.226.692	6.040
	Carrying amount at 30 June 2017	**6.763.982**	**6.579**

Remaining positive difference included in the above carrying amount at 30 June 2017	164.661

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Mega Fortris (UK) Ltd, UK	England	65%
Mega Fortris (HU) Ltd, HU	Hungary	60%
Mega Fortris (France) Sarl., France	France	80%
Mega Fortris Load Secure Nordic ApS, Denmark	Denmark	51%
Mega Fortris ME FZCO, Dubai	Dubai	51%

Notes

7 Equity

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 July 2016	125.000	6.040.396	9.046.745	3.500.000	18.712.141
Ordinary dividend paid	0	0	0	-3.500.000	-3.500.000
Exchange adjustment, foreign	0	-191.813	0	0	-191.813
Net profit/loss for the year	0	378.109	52.638	3.200.000	3.630.747
Equity at 30 June 2017	**125.000**	**6.226.692**	**9.099.383**	**3.200.000**	**18.651.075**

8 Long term debt

	Debt at 1 July 2016	Debt at 30 June 2017	Payment within 1 year	Debt after 5 years
Mortgage loans	2.932.238	2.699.645	233.881	1.528.603
Corporation tax	301.728	377.452	0	0
	3.233.966	**3.077.097**	**233.881**	**1.528.603**

Notes

9 Contingent assets, liabilities and other financial obligations

The group's Danish entities are jointly and severally liable for joint Danish income taxes.

The company has to the subsidiary Mega Fortris ME FZCO, Dubai undertaken to provide this company with the necessary liquidity support to complete the planned operation, provisionally until 30 June 2018.

10 Charges and securities

As security for debt to mortgage credit institutions, DKK 2,770k, land and buildings with a carrying value of DKK 6,990k at 30 June 2017 have been charged.

The Company has issued mortgage deeds registered to the mortgagor of a total of DKK 1,700k, which charge the above land and buildings as well as property, plant and equipment. Of this, mortgage deeds registered to the mortgagor of a total DKK 1,700k are deposited as security for bank debt.