

Mega Fortris (Europe) ApS Ltd.

Aa.Louis-Hansens Alle 4
3060 Espergærde

CVR no 26 57 43 15

Annual report for 2015/16

(13th Financial year)

Adopted at the annual general meeting
on 28 November 2016

Ole Fast
Chairman

Contents

Page

Statements

Statement by Management on the annual report	1
Independent Auditor's Report	2

Management's review

Company details	4
Management's review	5

Financial statements

Accounting policies	6
Income Statement	10
Balance Sheet	11
Notes to the annual report	13

Statement by Management on the annual report

The Executive and Supervisory Boards have today discussed and approved the annual report of Mega Fortris (Europe) ApS Ltd. for the financial year 1. juli 2015 - 30. juni 2016.

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 30. juni 2016 and of the results of the the Company's operations for the financial year 1. juli 2015 - 30. juni 2016.

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.

Espergærde, 28 November 2016

Executive Board

Ole Fast

Supervisory Board

Meng-Poh Ng
menigt medlem

Ng Meng Kee
menigt medlem

Ole Fast
menigt medlem

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the financial statements of Mega Fortris (Europe) ApS Ltd. for the financial year 1. juli 2015 - 30. juni 2016, 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 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 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 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.

Independent Auditor's Report

Opinion

In our opinion, the financial statements gives a true and fair view of the Company's financial position at 30 June 2016 and of the results of the Company's operations for the financial year 1 July 2015 - 30 June 2016 in accordance with the Danish Financial Statements Act.

Statement on the 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.

Hellerup, 28 November 2016

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
Financial year: 1. juli - 30. juni
Incorporated: 19. April 2002
Domicile: Helsingør

Supervisory Board

Meng-Poh Ng
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 3.605.629, and the balance sheet at 30. juni 2016 shows equity of DKK 18.712.141.

Significant events occurring after end of reporting period

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

Accounting policies

The annual report of Mega Fortris (Europe) ApS Ltd. for 2015/16 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 12.900 are expensed in the year of acquisition.

Accounting policies

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.

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.

Accounting policies

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

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 - 30 June 2016

	<u>Note</u>	<u>2015/16</u> DKK	<u>2014/15</u> TDKK
Gross profit		5.528.750	7.276
Staff costs	1	<u>-2.438.153</u>	<u>-2.655</u>
Earnings Before Interest Taxes Depreciation and Amortization		3.090.597	4.621
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-189.729</u>	<u>-156</u>
Profit/loss from ordinary operating activities before gains/losses from fair value adjustments		2.900.868	4.465
Profit/loss before financial income and expenses		2.900.868	4.465
Income from investments in subsidiaries		1.605.781	1.757
Income from investments in associates		-192.491	-101
Financial income	2	40.687	958
Financial costs	3	<u>-123.086</u>	<u>-143</u>
Profit/loss before tax		4.231.759	6.936
Tax on profit/loss for the year	4	<u>-626.130</u>	<u>-1.247</u>
Net profit/loss for the year		<u>3.605.629</u>	<u>5.689</u>
Proposed distribution of profit			
Proposed dividend for the year		3.500.000	0
Reserve for net revaluation under the equity method		983.929	0
Retained earnings		<u>-878.300</u>	<u>5.689</u>
		<u>3.605.629</u>	<u>5.689</u>

Balance sheet at 30 June 2016

	<u>Note</u>	<u>2015/16</u> DKK	<u>2014/15</u> TDKK
Assets			
Land and buildings		7.126.357	7.262
Other fixtures and fittings, tools and equipment		<u>121.188</u>	<u>175</u>
Tangible assets	5	<u>7.247.545</u>	<u>7.437</u>
Investments in subsidiaries	6	6.577.686	6.307
Investments in associates	7	<u>0</u>	<u>1</u>
Fixed asset investments		<u>6.577.686</u>	<u>6.308</u>
Fixed assets total		<u>13.825.231</u>	<u>13.745</u>
Finished goods and goods for resale		1.779.736	1.323
Prepayments for goods		<u>23.201</u>	<u>0</u>
Stocks		<u>1.802.937</u>	<u>1.323</u>
Trade receivables		3.842.165	4.173
Receivables from subsidiaries		6.476.295	7.835
Receivables from associates		<u>1.782.158</u>	<u>1.862</u>
Receivables		<u>12.100.618</u>	<u>13.870</u>
Cash at bank and in hand		<u>948.339</u>	<u>1.912</u>
Currents assets total		<u>14.851.894</u>	<u>17.105</u>
Assets total		<u><u>28.677.125</u></u>	<u><u>30.850</u></u>

Balance sheet at 30 June 2016

	<u>Note</u>	<u>2015/16</u> DKK	<u>2014/15</u> TDKK
Liabilities and equity			
Share capital		125.000	125
Reserve for net revaluation under the equity method		6.040.396	5.769
Retained earnings		9.046.745	9.925
Proposed dividend for the year		3.500.000	0
Equity	8	<u>18.712.141</u>	<u>15.819</u>
Provision for deferred tax		337.855	316
Provisions total		<u>337.855</u>	<u>316</u>
Mortgage loans		2.702.651	3.060
Corporation tax		301.728	978
Long-term debt	9	<u>3.004.379</u>	<u>4.038</u>
Short-term part of lon-term debt	9	229.587	228
Banks		0	1.288
Trade payables		176.693	126
Payables to group parent company		5.610.207	5.020
Other payables		606.263	4.015
Short-term debt		<u>6.622.750</u>	<u>10.677</u>
Debt total		<u>9.627.129</u>	<u>14.715</u>
Liabilities and equity total		<u>28.677.125</u>	<u>30.850</u>
Contingent assets, liabilities and other financial obligations	10		
Charges and securities	11		

Noter

	<u>2015/16</u>	<u>2014/15</u>
	DKK	TDKK
1 Staff costs		
Wages and salaries	2.412.033	2.624
Pensions	17.076	9
Other social security costs	9.044	22
	<u>2.438.153</u>	<u>2.655</u>
Average number of employees	<u>4</u>	<u>5</u>
2 Financial income		
Other financial income	<u>40.687</u>	<u>958</u>
	<u>40.687</u>	<u>958</u>
3 Financial costs		
Other financial costs	<u>123.086</u>	<u>143</u>
	<u>123.086</u>	<u>143</u>
4 Tax on profit/loss for the year		
Current tax for the year	601.860	1.233
Deferred tax for the year	22.096	13
Adjustment of tax concerning previous years	<u>2.174</u>	<u>1</u>
	<u>626.130</u>	<u>1.247</u>

Notes

5 Tangible assets

	<u>Land and buildings</u>	<u>Other fixtures and fittings, tools and equipment</u>
Cost at 1 July 2015	8.140.797	523.397
Cost at 30 June 2016	8.140.797	523.397
Impairment losses and depreciation at 1 July 2015	878.490	348.430
Depreciation for the year	135.950	53.779
Impairment losses and depreciation at 30 June 2016	1.014.440	402.209
Carrying amount at 30 June 2016	<u>7.126.357</u>	<u>121.188</u>

Noter

	<u>2015/16</u> DKK	<u>2014/15</u> TDKK
6 Investments in subsidiaries		
Cost at 1 July 2015	460.065	434
Additions for the year	<u>0</u>	<u>26</u>
Cost at 30 June 2016	<u>460.065</u>	<u>460</u>
Revaluations at 1 July 2015	5.844.863	4.414
Exchange adjustment	-713.037	406
Net profit/loss for the year	1.636.661	1.788
Dividend to the Parent Company	-643.572	-544
Amortisation of goodwill	-30.880	-31
Equity investments with negative net asset value amortised over receivables	<u>23.586</u>	<u>-186</u>
Revaluations at 30 June 2016	<u>6.117.621</u>	<u>5.847</u>
Carrying amount at 30 June 2016	<u><u>6.577.686</u></u>	<u><u>6.307</u></u>
Remaining positive difference included in the above carrying amount at 30 June 2016	<u>195.541</u>	

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Votes and ownership</u>
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%

Noter

	<u>2015/16</u> DKK	<u>2014/15</u> TDKK
7 Investments in associates		
Cost at 1 July 2015	<u>77.225</u>	<u>78</u>
Cost at 30 June 2016	<u>77.225</u>	<u>78</u>
Revaluations at 1 July 2015	-76.011	11
Exchange adjustment	653	13
Net profit/loss for the year	-192.491	-101
Equity investments with negative net asset value amortised over receivables	<u>190.624</u>	<u>0</u>
Revaluations at 30 June 2016	<u>-77.225</u>	<u>-77</u>
Carrying amount at 30 June 2016	<u>0</u>	<u>1</u>

Investments in associates are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Votes and ownership</u>
Mega Fortris ME FZCO, Dubai	Dubai	50%

Noter

8 Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 July 2015	125.000	5.768.852	9.925.045	0	15.818.897
Exchange adjustment, foreign	0	-712.385	0	0	-712.385
Net profit/loss for the year	0	983.929	-878.300	3.500.000	3.605.629
Equity at 30 June 2016	125.000	6.040.396	9.046.745	3.500.000	18.712.141

9 Long term debt

	Debt at 1 July 2015	Debt at 30 June 2016	Payment within 1 year	Debt after 5 years
Mortgage loans	3.059.578	2.932.238	229.587	1.775.808
Corporation tax	977.552	301.728	0	0
	4.037.130	3.233.966	229.587	1.775.808

10 Contingent assets, liabilities and other financial obligations

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

11 Charges and securities

As security for debt to mortgage credit institutions, DKK 2,932k, land and buildings with a carrying value of DKK 7,126k at 30 June 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.