

## **Mega Fortris (Europe) ApS Ltd.**

Aa.Louis-Hansens Alle 4  
3060 Espergærde

CVR no. 26 57 43 15

### **Annual report for 2017/18**

(15th Financial year)

Adopted at the annual general meeting  
on 10 December 2018

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Ole Fast  
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 Mega Fortris (Europe) ApS Ltd. for the financial year 1 July 2017 - 30 June 2018.

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 2018 and of the results of the company's operations for the financial year 1 July 2017 - 30 June 2018.

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 by the company in general meeting.

Espergærde, 26 November 2018

### **Executive board**

Ole Fast

### **Supervisory board**

Ng Meng Poh  
common member

Ng Meng Kee  
common member

Ole Fast  
common 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 2017 - 30 June 2018, 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 2018 and of the results of the company's operations for the financial year 1 July 2017 - 30 June 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 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 the 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.

#### **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:

## **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 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.

### **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.

## Independent auditor's report

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, 26 November 2018

CVR no. 33 25 68 76



Lasse Nørgård  
Statsautoriseret revisor  
MNE no. mne10675

## 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 2017 - 30 June 2018

Incorporated: 19. April 2002

Domicile: Elsinore

### **Supervisory board**

Ng Meng Poh, common member  
Ng Meng Kee, common member  
Ole Fast, common member

### **Executive board**

Ole Fast

### **Auditors**

Crowe  
Statsautoriseret Revisionsinteressentskab v.m.b.a.  
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 5.604.202, and the balance sheet at 30 June 2018 shows equity of DKK 20.921.811.

### **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 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities as well as selected provisions as regards larger entities.

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 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 other operating income less consumables and other external expenses.

### **Revenue**

Income 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.

## **Accounting policies**

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

### **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.

### **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.

### **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, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity 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.

## Accounting policies

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 13.500 are expensed in the year of acquisition.

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, respectively.

### 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, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated 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 in so far as 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 at cost 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.

## **Accounting policies**

### **Prepayments**

Prepayments recognised under 'Current assets' comprises expenses 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 in the company's financial statements comprises net revaluation of investments in subsidiaries and associates relative to the cost.

### **Dividends**

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

### **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 payables, 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 2017 - 30 June 2018**

	<u>Note</u>	<u>2017/18</u> DKK	<u>2016/17</u> TDKK
<b>Gross profit</b>		<b>7.231.474</b>	<b>5.630</b>
Staff costs	1	<u>-2.352.477</u>	<u>-2.218</u>
<b>Profit/loss before amortisation/depreciation and impairment losses</b>		<b>4.878.997</b>	<b>3.412</b>
Depreciation, amortisation of assets and property, plant and equipment		<u>-184.698</u>	<u>-195</u>
<b>Profit/loss before net financials</b>		<b>4.694.299</b>	<b>3.217</b>
Income from investments in subsidiaries	2	2.119.756	1.298
Financial costs	3	<u>-223.738</u>	<u>-222</u>
<b>Profit/loss before tax</b>		<b>6.590.317</b>	<b>4.293</b>
Tax on profit/loss for the year	4	<u>-986.115</u>	<u>-662</u>
<b>Profit/loss for the year</b>		<b><u>5.604.202</u></b>	<b><u>3.631</u></b>
 <b>Recommended appropriation of profit/loss</b>			
Proposed dividend for the year		0	3.200
Reserve for net revaluation under the equity method		1.332.406	378
Retained earnings		<u>4.271.796</u>	<u>53</u>
		<b><u>5.604.202</u></b>	<b><u>3.631</u></b>

## Balance sheet at 30 June 2018

	<u>Note</u>	<u>2017/18</u> DKK	<u>2016/17</u> TDKK
<b>Assets</b>			
Land and buildings		6.854.453	6.991
Other fixtures and fittings, tools and equipment		32.132	81
<b>Tangible assets</b>	5	<b><u>6.886.585</u></b>	<b><u>7.072</u></b>
Investments in subsidiaries	6	7.962.922	6.762
<b>Fixed asset investments</b>		<b><u>7.962.922</u></b>	<b><u>6.762</u></b>
<b>Total non-current assets</b>		<b><u>14.849.507</u></b>	<b><u>13.834</u></b>
Finished goods and goods for resale		1.524.142	1.715
<b>Stocks</b>		<b><u>1.524.142</u></b>	<b><u>1.715</u></b>
Trade receivables		8.242.382	4.119
Receivables from subsidiaries		6.490.595	7.048
Other receivables		31.514	7
Prepayments		28.900	0
<b>Receivables</b>		<b><u>14.793.391</u></b>	<b><u>11.174</u></b>
<b>Cash at bank and in hand</b>		<b><u>330.662</u></b>	<b><u>400</u></b>
<b>Total current assets</b>		<b><u>16.648.195</u></b>	<b><u>13.289</u></b>
<b>Total assets</b>		<b><u><u>31.497.702</u></u></b>	<b><u><u>27.123</u></u></b>

## Balance sheet at 30 June 2018

	<u>Note</u>	<u>2017/18</u> DKK	<u>2016/17</u> TDKK
<b>Equity and liabilities</b>			
Share capital		125.000	125
Reserve for net revaluation under the equity method		7.425.632	6.226
Retained earnings		13.371.179	9.100
Proposed dividend for the year		0	3.200
<b>Equity</b>	7	<b><u>20.921.811</u></b>	<b><u>18.651</u></b>
Provision for deferred tax		384.069	358
<b>Total provisions</b>		<b><u>384.069</u></b>	<b><u>358</u></b>
Mortgage loans		2.234.444	2.466
Corporation tax		843.336	377
<b>Total non-current liabilities</b>	8	<b><u>3.077.780</u></b>	<b><u>2.843</u></b>
Short-term part of long-term debt	8	235.838	234
Banks		0	97
Trade payables		176.655	370
Payables to related companies		5.370.276	4.022
Corporation tax		105.452	0
Other payables		594.516	548
Deferred income		631.305	0
<b>Total current liabilities</b>		<b><u>7.114.042</u></b>	<b><u>5.271</u></b>
<b>Total liabilities</b>		<b><u>10.191.822</u></b>	<b><u>8.114</u></b>
<b>Total equity and liabilities</b>		<b><u>31.497.702</u></b>	<b><u>27.123</u></b>
Rent and lease liabilities	9		
Contingencies, etc.	10		
Mortgages and collateral	11		

## Notes

	<u>2017/18</u> DKK	<u>2016/17</u> TDKK
<b>1 Staff costs</b>		
Wages and salaries	2.332.978	2.194
Other social security costs	<u>19.499</u>	<u>24</u>
	<b><u>2.352.477</u></b>	<b><u>2.218</u></b>
Average number of employees	<u>4</u>	<u>4</u>
<b>2 Income from investments in subsidiaries</b>		
Share of profits of subsidiaries	2.150.636	1.329
Depreciation of goodwill	<u>-30.880</u>	<u>-31</u>
	<b><u>2.119.756</u></b>	<b><u>1.298</u></b>
<b>3 Financial costs</b>		
Other financial costs	<u>223.738</u>	<u>222</u>
	<b><u>223.738</u></b>	<b><u>222</u></b>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	959.662	644
Deferred tax for the year	26.453	20
Adjustment of tax concerning previous years	<u>0</u>	<u>-2</u>
	<b><u>986.115</u></b>	<b><u>662</u></b>



## Notes

### 5 Tangible assets

	Land and buildings	Other fixtures and fittings, tools and equipment
Cost at 1 July 2017	8.140.797	542.076
Cost at 30 June 2018	8.140.797	542.076
Impairment losses and depreciation at 1 July 2017	1.150.388	461.202
Depreciation for the year	135.956	48.742
Impairment losses and depreciation at 30 June 2018	1.286.344	509.944
<b>Carrying amount at 30 June 2018</b>	<b>6.854.453</b>	<b>32.132</b>

### 6 Investments in subsidiaries

Cost at 1 July 2017	537.290	535
Cost at 30 June 2018	537.290	535
Revaluations at 1 July 2017	6.226.692	6.040
Exchange adjustment	-133.466	-192
Net profit/loss for the year	2.150.636	1.329
Received dividend	-607.156	-952
Amortisation of goodwill	-30.880	-31
Equity investments with negative net asset value amortised over receivables	-180.194	33
Revaluations at 30 June 2018	7.425.632	6.227
<b>Carrying amount at 30 June 2018</b>	<b>7.962.922</b>	<b>6.762</b>

Remaining positive difference included in the above carrying amount at 30 June 2018

133.781

## Notes

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Registered office</u>	<u>Ownership interest</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%
Mega Fortris ME FZCO, Dubai	Dubai	51%

## Notes

### 7 Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 July 2017	125.000	6.226.692	9.099.383	3.200.000	18.651.075
Ordinary dividend paid	0	0	0	-3.200.000	-3.200.000
Exchange adjustment, foreign	0	-133.466	0	0	-133.466
Net profit/loss for the year	0	1.332.406	4.271.796	0	5.604.202
<b>Equity at 30 June 2018</b>	<b>125.000</b>	<b>7.425.632</b>	<b>13.371.179</b>	<b>0</b>	<b>20.921.811</b>

### 8 Long term debt

	Debt at 1 July 2017	Debt at 30 June 2018	Instalment next year	Debt outstanding after 5 years
Mortgage loans	2.699.645	2.470.282	235.838	1.292.280
Corporation tax	377.452	843.336	0	0
	<b>3.077.097</b>	<b>3.313.618</b>	<b>235.838</b>	<b>1.292.280</b>

### 9 Rent and lease liabilities

#### Rent and lease liabilities

Operating lease liabilities.  
Total future lease payments:

	2017/18 DKK	2016/17 TDKK
Within 1 year	5.460	0
Between 1 and 5 years	7.053	0
	<b>12.513</b>	<b>0</b>

## **Notes**

### **10 Contingencies, etc.**

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 2019.

### **11 Mortgages and collateral**

As security for debt to mortgage credit institutions, DKK 2,770k, land and buildings with a carrying value of DKK 6,854k at 30 June 2018 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.