

# Ten Cate Active Protection ApS

Damsbovej 10  
5492 Vissenbjerg  
Denmark

CVR no. 33 06 30 91

## Annual report 2016

The annual report was presented and approved at the  
Company's annual general meeting on

24 May 2017

  
Helle Specht  
chairman

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ten Cate Active Protection ApS for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

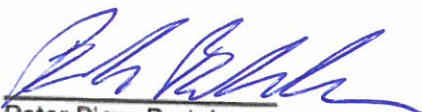
In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

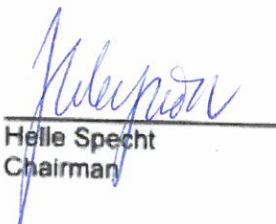
Vissenbjerg, 24 May 2017

Executive Board:

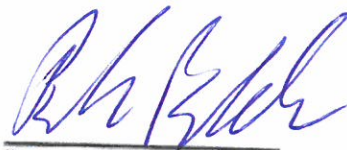


Peter Bjørn Bertelsen

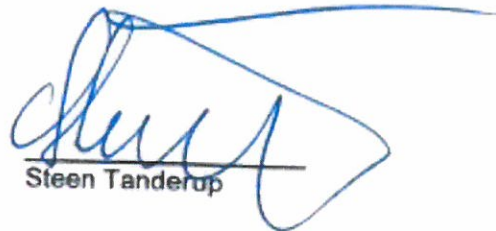
Board of Directors:



Helle Specht  
Chairman



Peter Bjørn Bertelsen



Steen Tanderup



## **Independent auditor's report**

### **To the shareholders of Ten Cate Active Protection ApS**

#### **Opinion**

We have audited the financial statements of Ten Cate Active Protection ApS for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including 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 Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibility 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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.



## Independent auditor's report

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 24 May 2017

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Nikolaj Møller Hansen  
State Authorised  
Public Accountant

Elife Savas  
State Authorised  
Public Accountant

**Ten Cate Active Protection ApS**  
Annual report 2016  
CVR no. 33 06 30 91

## **Management's review**

### **Company details**

Ten Cate Active Protection ApS  
Damsbovej 10,  
5492 Vissenbjerg  
Denmark

Telephone: +45 65 48 16 00  
Fax: +45 65 48 16 08

CVR no.: 33 06 30 91  
Established: 12 July 2010  
Registered office: Assens Kommune  
Financial year: 1 January – 31 December

### **Board of Directors**

Helle Specht, Chairman  
Peter Bjørn Bertelsen  
Steen Tanderup

### **Executive Board**

Peter Bjørn Bertelsen

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Bredskifte Allé 13  
8210 Aarhus V  
Denmark



## **Management's review**

### **Operating review**

#### **The Company's business review**

The principal activity of the Company is to develop military protection systems and sell related services.

#### **Financial review**

Development activities progressed according to plan in 2016. Results before tax were down on last year. The income statement for 2016 shows a loss of DKK 4,678 thousand as against a loss of DKK 2,394 thousand in 2015. In 2016, the first contract with an OEM took effect, and the first tests were carried out on the vehicle platform. Final integration of the active protection system will be carried out in 2017.

At 31 December 2016, equity was negative at DKK 5,496 thousand. Equity was reestablished by a capital injection of DKK 8 million in 2017. The financial statements are presented on a going concern basis.

The Company expects to continue its development activities in 2017 in continuation of the agreements entered into in 2016 and 2015 as well as new agreements expected to be entered into in 2017. Following system approval from the US Army, a more direct approach to market the system towards OEM vehicle suppliers and towards military end users will be taken.

The Company is expected to report a loss for 2017, however, of a minor scale compared to that for 2016.

#### **Post balance sheet events**

A capital injection of DKK 8 million was made in April 2017. Other than that, no events have occurred after the balance sheet date significantly affecting the Company's financial position.



## Financial statements 1 January – 31 December

### Income statement

DKK	Note	2016	2015
<b>Gross profit/loss</b>		-3,486,494	-104,554
Staff costs	3	-2,104,951	-2,096,839
Depreciation of property, plant and equipment		0	-19,966
<b>Operating profit/loss</b>		-5,591,445	-2,221,359
Other financial income		0	8,419
Other financial expenses	4	-44,262	-16,638
<b>Profit/loss before tax</b>		-5,635,707	-2,229,578
Tax on profit/loss for the year	5	958,125	-164,227
<b>Profit/loss for the year</b>		-4,677,582	-2,393,805

### Proposed profit appropriation/distribution of loss

Retained earnings		-4,677,582	-2,393,805
		-4,677,582	-2,393,805

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	2016	2015
<b>ASSETS</b>			
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables		1,488,000	0
Receivables from group entities		3,292,874	1,230,586
Other receivables		235,814	248,101
Corporation tax		0	68,937
		<u>5,016,688</u>	<u>1,547,624</u>
<b>Cash at bank and in hand</b>		<u>1,226,704</u>	<u>896,343</u>
<b>Total current assets</b>		<u>6,243,392</u>	<u>2,443,967</u>
<b>TOTAL ASSETS</b>		<u><u>6,243,392</u></u>	<u><u>2,443,967</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	2016	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		146,939	146,939
Retained earnings		-5,643,356	-965,774
<b>Total equity</b>		<b>-5,496,417</b>	<b>-818,835</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables		25,359	37,396
Payables to group entities		7,629,597	3,010,387
Other payables		739,053	151,866
Deferred income		3,345,800	63,153
		11,739,809	3,262,802
<b>Total liabilities</b>		<b>11,739,809</b>	<b>3,262,802</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,243,392</b>	<b>2,443,967</b>

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK	Share capital	Retained earnings	Total
<b>Equity at 1 January 2016</b>	146,939	-965,774	-818,835
Transferred over the profit appropriation/distribution of loss	0	-4,677,582	-4,677,582
<b>Equity at 31 December 2016</b>	146,939	-5,643,356	-5,496,417

There have been no changes in the share capital during the last five years.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Ten Cate Active Protection ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B entities with opt-ins from reporting class C medium-sized entities.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

#### Reporting currency

The financial statements are presented in Danish kroner.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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.

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 at 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

#### Revenue

Income from the sale of goods for resale is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can reliably be measured and payment is expected to be received.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', and 'Other external expenses' are aggregated in the item designated 'Gross profit/loss'.

##### Other external costs

Other external costs include the year's costs relating to the entity's core activities, including costs relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

##### Depreciation of and impairment losses on property, plant and equipment

The item comprises depreciation of and impairment losses on property, plant and equipment.

Depreciation, which is calculated as cost less any residual value, is made on a straight-line basis over the expected useful life.

The expected useful lives are as follows:

Fixtures and fittings, tools and equipment: 3-5 years

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financial income and expenses include interest income and expenses as well as allowances and surcharges under the advance payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

The entity and its Danish group entities are jointly taxed. Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed entities entitled to a tax refund are, as a minimum, reimbursed by the management company according to current rates applicable to interest allowances, and jointly taxed companies with insufficient tax payments are, as a maximum, entitled to a surcharge according to current rates applicable to interest surcharges to the management company.

### Balance sheet

#### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Cash at bank and in hand

Cash at bank and in hand comprises cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

#### Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

#### 2 Loss of equity and going concern

Loss of equity and capital injection are described in the Management's review, to which we refer.

#### 3 Staff costs

DKK	2016	2015
Wages and salaries	1,907,459	1,867,013
Pensions	164,165	171,063
Other social security costs	33,327	58,763
	<u>2,104,951</u>	<u>2,096,839</u>
Average number of full-time employees	<u>2</u>	<u>2</u>



## Financial statements 1 January – 31 December

### Notes

DKK	2016	2015
<b>4 Other financial expenses</b>		
Other interest expenses	269	5,899
Exchange losses	43,985	10,223
Other financial expenses	8	516
	<u>44,262</u>	<u>16,638</u>
<b>5 Tax on profit/loss for the year</b>		
Estimated tax charge for the year	1,214,540	-68,937
Deferred tax adjustments in the year	0	706,233
Tax adjustments, prior years	-286,135	-518,147
Change in tax rate	0	45,078
Tax credit	<u>29,720</u>	<u>0</u>
	<u>958,125</u>	<u>164,227</u>

### 6 Contractual obligations and contingencies, etc .

The Company is jointly taxed with other Danish group entities. As a group company, together with the other entities included in the joint taxation, the Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the jointly taxed unit. The jointly taxed entities' total known net liability to SKAT is disclosed in the financial statements of the administrative company, Ten Cate Danmark A/S (CVR No. 30 08 05 48). Any subsequent corrections to the joint taxation income and withholding taxes, etc. may result in an increased liability for the Company.

### 7 Contingent assets

At the end of 2016, the Company had a tax asset of DKK 958 thousand. The tax asset has not been recognised in the annual report for 2016 due to uncertainty as to the utilisation of the tax losses.

### 8 Related party disclosures

Ten Cate Active Protection ApS' related parties comprise the following:

#### Control

Ten Cate Danmark A/S holds the majority of the share capital in the Company.

Ten Cate Active Protection ApS is part of the consolidated financial statements of Tennessee Acquisition B.V., Holland, which is the smallest group in which the Company is included as a subsidiary.

Ten Cate Active Protection ApS is part of the consolidated financial statements of Tennessee Acquisition Holding B.V., Holland, which is the largest group in which the

## **Financial statements 1 January – 31 December**

### **Notes**

Company is included as a subsidiary.

The consolidated financial statements of Tennessee Acquisition Holding B.V. can be obtained from the Company or at the following website: [www.tencate.com](http://www.tencate.com).