

ANNUAL REPORT 2015/16

PlastPack Defence ApS

Bibliotekvej 51
2650 Hvidovre

CVR nr. 34203539

Submitter:

Sønderup I/S

Statsautoriserede revisorer

Jyllandsgade 9

4100 Ringsted

**Presented and approved at the company's ordinary
general meeting 28. november 2016**


Chairman

Jørgen Dahl



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Management's Statement on the Annual Report

The management have today considered and approved the annual report for PlastPack Defence ApS for the financial year 1 July 2015 to 30 June 2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In the managements opinion, the financial statements give a true and fair view of the company's financial position at 30 June 2016 and of its financial performance for the financial year 1 July 2015 to 30 June 2016.

We recommend the annual report for approval at the annual general meeting.

Hvidovre, 28. November 2016

Executive Board

Jan Bendix Engmann



Jørgen Dahl

Board of Directors:



Jørgen Dahl

György Tóth

Jan Bendix Engmann

Heidi Lind Poulsen

Anders Katharus Bang Lassen

Independent Auditor's Report on the Financial Statements

To the shareholders of PlastPack Defence ApS

We have audited the financial statements of PlastPack Defence ApS for the financial year 1 July 2015 to 30 June 2016, which comprise income statement, balance sheet and notes, including summary of significant accounting policies, for the Company. 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 on the Financial Statements

Opinion

In our opinion, the financial statements give 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 to 30 June 2016 in accordance with the Danish Financial Statements Act.

Ringsted, 28 November 2016

SØNDERUP I/S
statsautoriserede revisorer

CVR 31824559



Dennis Cronbach

statsautoriseret revisor

Accounting principles applied

The annual report for PlastPack Defence ApS 2015/16 has been prepared in accordance with the Danish Financial Statements Act for class B companies.

The income statement is presented by type of expenditure and the balance sheet is presented in account form. The measurement currency used is Danish kroner. All other currencies are considered foreign currency.

The accounting principles were applied consistently with the principles of last year's financial reporting.

General information on recognition and measurement

Income is recognized in the income statement as earned, including any value adjustments of financial assets and liabilities. Furthermore, all costs, including amortisation/depreciation and write-downs, are recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the company, and the value of the liabilities can be measured reliably.

The first recognition measures assets and liabilities at cost. Subsequently, assets and liabilities will be measured individually in respect of each accounting item as described below.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income statement

Gross profit

In pursuance of section 32 (1) of the Danish Financial Statements Act, the first item in the income statement is the gross profit. The item gross profit is the result of revenue, cost of sales, other external cost and other operating income.

Revenue

Net sales in connection with sales of commercial products and finished products are recognized in the profit and loss account, if delivery has taken place and the risk has passed to the customer before the end of the year. Net sales are recognized ex. VAT and net of discounts related to the individual sale.

Other operating income and expenses

Other operating income and expenses comprise items of a secondary nature in relation to the company's core business.

Accounting principles applied

Other external costs

Other external cost comprise costs for distribution, sales, advertising, administration, premises, bad debts, operating leasing costs etc.

Staff expenses

Staff expenses contains salaries and wages, including holiday payment, pensions and other social security costs etc. to the company's employees. In staff expenses are received subsidies from public authorities, deducted.

Financial items

Financial income and expenses are recognized in the income statement with the amounts relating to the financial year. The financial items comprise interest income and expense, realized and unrealized exchange rate, gains and losses resulting from transactions in foreign currencies and surcharges and refunds regarding corporation tax.

Tax for the year

The company is jointly taxed with other group companies. The current corporation tax is divided between the jointly taxed companies pro rata to their taxable incomes. The parent company functions as the management company for the joint taxation and handles the tax payments to the danish tax authorities.

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly on equity by the portion attributable to entries directly on equity.

Balance sheet

Intangible fixed assets

Patents, development projects and licenses are measured at cost less accumulated depreciation and the recoverable amount, whichever is lower. Patents are amortized over the remaining patent period, and licenses are amortized over the period, not exceeding 8 years.

Earnings or loss on disposal of intangible fixed assets is calculated as the difference between the sales price less sales costs and the book value at the time of sale. Profit and losses are entered in the income statement under other operating income and -costs.

Tangible fixed assets

Operating equipment and tools and fixtures as well as leasehold improvements are measured at cost price less accumulated depreciation and write-down.

Depreciation is based on cost price less expected residual value after end of service life. The cost price includes acquisition price and costs directly linked to the acquisition until the time when the asset is ready for commencement of use.

Straight-line depreciation is based on the following assesment of the assets expected useful lives:

Accounting principles applied

Technical plant and machinery, other fixtures and fittings, tools and equipment: 5-10 år. Assets with a cost per unit under the tax threshold for small assets are recognized as expenses in the year of acquisition.

Profits or losses in connection with disposal of tangible fixed assets are calculated as the difference between the sales price less sales costs and the book value at the time of sale. Profits and losses are entered in the income statement under other operating income and -costs.

Financial fixed assets

Other receivables

Deposits are measured at cost.

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Value is reduced by provisions for bad debts.

Contract work in progress

Contract work in progress is measured at market value of the work performed. Revenue is measured at the stage of completion at the balance sheet date and the total estimated income from the contract work.

Dividend

Proposed dividend for the financial year is recognized as a separate component of the equity. Proposed dividends are recognized as a liability at the time of adoption.

Tax payable and deferred tax

Current tax liabilities and current tax assets are recognized in the balance sheet as tax calculated on the taxable income allocated with the current tax rate, and adjusted for tax on prior years taxable income and prepaid taxes.

Deferred tax is measured by the liability method concerning temporary differences between the carrying value and tax value of assets and liabilities, calculated based on the planned use of the assets and settlement of the obligation, respectively.

Deferred tax assets, including the tax value of tax losses allowed for carry-forward, are measured at the value at which the asset is expected to be realisable, either through elimination in tax on future earnings or through offsetting in deferred tax liabilities in the same legal tax unit. Any deferred net tax assets are measured at their net realisation values.

Deferred tax is measured based on the tax rules and tax rates applicable in pursuance of the legislation in force on the balance sheet date when the deferred tax is expected to become payable as current tax. Changes in deferred tax due to change in tax rates is recognized in the income statement.

Accounting principles applied

Liabilities

Financial liabilities are recognized when loans are raised as the proceeds is received less transaction costs paid. Other liabilities are measured at amortised cost corresponding to the nominal value.

Deferred revenue

Deferred revenue is received payments regarding income related to future financial years.

Conversion of foreign currency

Transactions in foreign currencies are converted at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognized in the income statement as a financial income or expence. If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognized directly in the equity.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are converted at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the receivable or payable is recognized in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are converted at the rate of exchange on the transaction date.

Income statement 1 July 2015 - 30 June 2016

Note	2015/16	2014/15
Gross profit	1.698.307	904.124
1. Staff costs	-1.280.909	-664.740
2. Depreciation and write-downs	-98.832	-98.831
OPERATING PROFIT	318.566	140.553
Other financial costs	-283.094	-18.168
PROFIT/-LOSS BEFORE TAX	35.472	122.385
Tax for the year	-10.190	-27.961
NET PROFIT/-LOSS FOR THE YEAR	25.282	94.424
Appropriation of profit		
Retained earnings	25.282	94.424
Total appropriation	25.282	94.424

Balance sheet 30 June 2016

Note	2015/16	2014/15
ASSETS		
Completed development projects	4.440.975	2.240.680
Acquired concessions, patents, licenses and similar	35.366	37.442
Total intangible fixed assets	4.476.341	2.278.122
3. Plant and machinery	2.008.034	0
Total tangible fixed assets	2.008.034	0
Financial fixed assets		
Other receivables	412	412
Total financial fixed assets	412	412
TOTAL FIXED ASSETS	6.484.787	2.278.534
Contract work in progress	1.190.510	0
Other receivables	656.233	9.695
Prepayments	33.547	0
Total receivables	1.880.290	9.695
Cash funds	2.442	440.657
Total cash funds	2.442	440.657
TOTAL CURRENT ASSETS	1.882.732	450.352
TOTAL ASSETS	8.367.519	2.728.886

Balance sheet 30 June 2016

Note	2015/16	2014/15
EQUITY AND LIABILITIES		
4. Equity		
5. Share capital	119.400	119.400
Share premium by emission	1.460.600	1.460.600
Retained earnings	1.574.788	124.088
TOTAL EQUITY	3.154.788	1.704.088
Provisions for deferred tax	427.721	43.185
TOTAL PROVISIONS	427.721	43.185
6. Long-term liabilities		
Other credit institutions	809.041	0
Payables to associates	578.741	492.055
Total long-term liabilities	1.387.782	492.055
Current share of long-term liabilities	1.187.353	0
Other credit institutions	831.548	0
Suppliers of goods and services	514.411	328.581
Other payables	863.916	160.977
Total short-term liabilities	3.397.228	489.558
TOTAL LIABILITIES	4.785.010	981.613
TOTAL EQUITY AND LIABILITIES	8.367.519	2.728.886

7. Main activity

8. Charges and securities

Noter

	2015/16	2014/15
1. Staff costs		
Salaries	1.090.176	578.880
Pension costs	162.000	81.000
Other social security costs	28.733	4.860
Total staff costs	1.280.909	664.740
2. Depreciation and write-downs		
Depreciation and write-downs of fixed assets	98.832	98.831
Total depreciation and write-downs	98.832	98.831
3. Plant and machinery		
Cost:		
Additions	2.008.034	0
Cost end of year	2.008.034	0
Book value end of year	2.008.034	0
Hereoff funded with reservation of property	2.008.034	0
4. Equity		
Share capital		
Beginning of year	119.400	80.000
Cash capital increase	0	39.400
End of year	119.400	119.400
Share premium by emission		
Beginning of year	1.460.600	0
This years share premium	0	1.460.600
End of year	1.460.600	1.460.600
Retained earnings		
Beginning of year	124.088	29.664
Transferred from net profit	25.282	94.424
Purchase of treasury shares	-1.500.000	0
Sales of treasury shares	2.925.418	0
End of year	1.574.788	124.088
Equity end of year	3.154.788	1.704.088

Noter

5. Share capital

The share capital consists of 1.194 shares of DKK 100. No shares have special rights.

6. Long-term liabilities

DKK 0 of long-term debt are due after 5 years.

7. Main activity

The company's main activity is production of and trade with plastic parts for the defense industry or related industries.

8. Charges and securities

Technical plant and machinery are pledged as security for debt to Promens AS, Estonia, totaling DKK 1.996.394

Indemnity Letter totaling DKK 1.500.000 secured in stocks of raw materials, semi-finished and finished products as well as operating equipment, machinery and motor vehicles, which are or have previously been registered as per the Land Registration Act § 47c paragraph. 3, No. 2-4, is deposited as security for debt to the bank.