

Annual report 1 July - 31 December 2018

Company reg. no. 36 54 45 11

Woodgroup ApS

Høffdingsvej 34

2500 Valby

The annual report was submitted and approved by the general meeting on the 24 June 2019.

Jacob Hansen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The executive board has today presented the annual report of Woodgroup ApS for the financial year 1 July to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 July to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Valby, 24 June 2019

Executive board

Jacob Hansen

Zahid Abbas

Independent auditor's report

To the shareholders of Woodgroup ApS

Opinion

We have audited the annual accounts of Woodgroup ApS for the financial year 1 July to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 July to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

The company has not complied with the Danish Companies Act., the company has failed to update the company's register of shareholders, and the management may therefore incur liability.

The company has not complied with the Danish Companies Act., the company has not reported updates to the public register of shareholders, and the management may therefore incur liability.

The company has not complied with the Danish legislation and requirements to prepare transfer pricing documentation (master file and local file), and the management may therefore incur liability.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Glostrup, 24 June 2019

PKF Munkebo Vindelev
State Authorised Public Accountants
Company reg. no. 14 11 92 99

Kasper Vindelev
State Authorised Public Accountant
mne29389

Company data

The company

Woodgroup ApS
Høffdingsvej 34
2500 Valby

Company reg. no. 36 54 45 11
Established: 18 February 2015
Domicile: Copenhagen
Financial year: 1 July 2018 - 31 December 2018
4th financial year

Executive board

Jacob Hansen
Zahid Abbas

Auditors

PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab
Hovedvejen 56
2600 Glostrup

Bankers

Sydbank, Storegade 16, 6200 Aabenraa

Parent company

Argento Limited

Financial highlights

DKK in thousands.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Profit and loss account:				
Gross profit	646	547	160	884
Results from operating activities	646	547	160	884
Net financials	4	-413	-7	-49
Results for the year	506	110	119	644
Balance sheet:				
Balance sheet sum	8.293	3.682	1.116	1.728
Equity	717	210	863	744

The financial highlights for 2015 only comprise the period 18 February 2015 - 30 June 2016.

The financial highlights for 2018 only comprise the period 1 July 2018 - 31 December 2018.

Management's review

The principal activities of the company

Like previous years, the principal activities comprise trading wood and related activities.

Development in activities and financial matters

The gross profit for the year is DKK 646.000 against DKK 547.000 last year. The results from ordinary activities after tax are DKK 506.000 against DKK 110.000 last year. The management consider the results satisfactory.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for Woodgroup ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

As a result of the change of the financial year the comparative figures in the profit and loss and the corresponding notes are not comparable. The transition period comprises the period 1 July 2018 - 31 December 2018.

Significant errors

The company has per 30 June 2018 classified intercompany balance as other receivables and not as amounts owed by group enterprises.

The company has per 30 June 2018 not recognized administration and facility fee in the profit and loss accounts.

Amount impact in 2017/18:

The corrections have an adverse affect of DKK 644,611 on the profit in financial year 2017/18. The corrections have an adverse affect of DKK 644,611 on the equity per 30 June 2018 and an adverse affect of DKK 550,945 on the balance sheet total per 30 June 2018.

Amount impact in 2018:

The corrections have a positive affect of DKK 644,611 on the profit in financial year 2018. The corrections have a positive affect of DKK 644,611 on the equity per 31 December 2018 and a positive affect of DKK 550,945 on the balance sheet total per 31 December 2018.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Accounting policies used

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

THE PROFIT AND LOSS ACCOUNT

Gross profit

The gross profit comprises the net turnover, raw materials and consumables and other external costs.

The net turnover is recognised in the profit and loss account when the following conditions are satisfied; risk and ownership is transferred to the buyer, effective control over the goods sold is transferred to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transactions will float to the company and the cost incurred in respect to the transaction can be measured reliably. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales and administration.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Accounting policies used

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

THE BALANCE SHEET

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost plus expenses resulting directly from the purchase.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Woodgroup ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Accounting policies used

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Profit and loss account

All amounts in DKK.

<u>Note</u>	<u>1/7 2018 - 31/12 2018</u>	<u>1/7 2017 - 30/6 2018</u>
Gross profit	645.598	547.046
Other financial income	88.634	7.622
2 Other financial costs	-84.922	-421.005
Results before tax	649.310	133.663
1 Tax on ordinary results	-142.848	-23.480
Results for the year	506.462	110.183
Proposed distribution of the results:		
Extraordinary dividend adopted during the financial year	0	33.029
Allocated to results brought forward	506.462	77.154
Distribution in total	506.462	110.183

Balance sheet

All amounts in DKK.

Assets		
<u>Note</u>	<u>31/12 2018</u>	<u>30/6 2018</u>
Current assets		
Manufactured goods and trade goods	3.521.051	0
Prepayments for goods	1.019.034	733.327
Inventories in total	<u>4.540.085</u>	<u>733.327</u>
Trade debtors	3.272.217	2.170.428
Amounts owed by group enterprises	0	778.063
Other debtors	236.581	0
Debtors in total	<u>3.508.798</u>	<u>2.948.491</u>
Available funds	<u>244.184</u>	<u>0</u>
Current assets in total	<u>8.293.067</u>	<u>3.681.818</u>
Assets in total	<u>8.293.067</u>	<u>3.681.818</u>

Balance sheet

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>31/12 2018</u>	<u>30/6 2018</u>
Equity			
3	Contributed capital	100.000	100.000
4	Results brought forward	616.645	110.183
	Equity in total	716.645	210.183
 Liabilities			
	Bank debts	4.444.303	1.758.391
	Prepayments received from customers	1.021.552	327.516
	Trade creditors	1.780.567	893.707
	Debt to group enterprises	117.309	0
5	Corporate tax	82.701	19.780
	Other debts	129.990	472.241
	Short-term liabilities in total	7.576.422	3.471.635
	Liabilities in total	7.576.422	3.471.635
	Equity and liabilities in total	8.293.067	3.681.818

6 Contingencies

Notes

All amounts in DKK.

	1/7 2018 - 31/12 2018	1/7 2017 - 30/6 2018
	<u> </u>	<u> </u>
1. Tax on ordinary results		
Tax of the results for the year	142.848	30.780
Adjustment of tax for previous years	0	-7.300
	<u>142.848</u>	<u>23.480</u>
2. Other financial costs		
Financial costs, group enterprises	19.506	0
Other financial costs	65.416	421.005
	<u>84.922</u>	<u>421.005</u>
	<u>31/12 2018</u>	<u>30/6 2018</u>
3. Contributed capital		
Contributed capital 1 July 2018	100.000	100.000
	<u>100.000</u>	<u>100.000</u>
4. Results brought forward		
Results brought forward 1 July 2018	110.183	0
Profit or loss for the year brought forward	506.462	77.154
Extraordinary dividend adopted during the financial year	0	33.029
	<u>616.645</u>	<u>110.183</u>

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>30/6 2018</u>
5. Corporate tax		
Receivable corporate tax 1 July 2018	19.780	225.000
Adjustment of previous years' tax	0	-7.300
Paid corporate tax concerning last year	<u>-34.680</u>	<u>-183.700</u>
Receivable corporate tax concerning previous years	<u>-14.900</u>	<u>34.000</u>
Calculated corporate tax for the present year	142.848	30.780
Paid tax on account for the present year	<u>-45.247</u>	<u>-45.000</u>
	<u>82.701</u>	<u>19.780</u>

6. Contingencies

Joint taxation

Woodbois International ApS, company reg. no. 26 99 53 45, being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The total known net liabilities of jointly taxed companies to Skattestyrelsen are stated in the annual report of the administration company.