Ullits & Winther

Advanced Couplings IVS

Klokkestøbervej 43, 8800 Viborg

Company reg. no. 37 32 97 70

Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 12 April 2018.

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Morten Kirkegaard
Chairman of the meeting

Contents

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 Advanced Couplings IVS for the financial year 1 January to 31 December 2017.

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 as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

The executive board considers the requirements of omission of audit of the annual accounts for 2017 as met.

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.

Viborg, 12 April 2018

Executive board

Lars Andersen

Morten Bjerre Kirkegaard

The independent auditor's report on review of the annual accounts

To the shareholders of Advanced Couplings IVS

We have reviewed the annual accounts of Advanced Couplings IVS for the financial year 1 January to 31 December 2017. Our review comprised accounting policies used, profit and loss account, balance sheet and notes.

The management's responsibility 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. Furthermore, the management is 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.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts. We conducted our review in accordance with the international standard on engagements to review historical annual accounts and additional requirements under Danish audit regulation. This standard requires us to conclude whether anything has come to our attention that causes us to believe that the annual accounts, taken as a whole, are not in all material respects in accordance with the applicable financial reporting framework. The standard also requires us to comply with relevant ethical requirements.

A review of annual accounts performed in accordance with the international standard on engagements to review historical annual accounts is an limited assurance engagement. The review consists primarily of making inquiries of the management and, when appropriate, of others within the enterprise, applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on the annual accounts.

Opinion

Based on our review, nothing has come to our attention which causes us to believe that the annual accounts do not provide a true and fair view of the company's assets, liabilities and financial position as of 31 December 2017 and of the results from its activities and for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

Viborg, 12 April 2018

Ullits & Winther
State Authorised Public Accountants
Company reg. no. 32 09 32 72

Bo Skårup Sørensen
State Authorised Public Accountant
MNE-nr. 29531

Company data

The company	Advanced Couplings IVS Klokkestøbervej 43 8800 Viborg	
	Company reg. no.	37 32 97 70
	Established:	29 December 2015
	Domicile:	Viborg Municipality
	Financial year:	1 January 2017 - 31 December 2017
Executive board	Lars Andersen Morten Bjerre Kirkegaard	
Auditors	Ullits & Winther Statsautoriseret Revisionspartnerselskab Agerlandsvej 1 8800 Viborg	

Management's review

The principal activities of the company

The principal activity consists of being a wholesale business; supplying stainless steel tube connections and fittings to the food and pharmaceutical industries.

Development in activities and financial matters

The profit and loss account covers the period 1 January to 31 December 2017 and shows a result of DKK 1.162.139 against a result of DKK 32.804 last year. The balance sheet shows equity of DKK 1.194.945.

The management considers the result for the year to be satisfactory.

Accounting policies used

The annual report for Advanced Couplings IVS 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).

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.

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.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. 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, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

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.

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.

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Leasing contracts

All leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

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 comprises the acquisition cost with the addition of the delivery costs.

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.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserve for entrepreneurial companies

The enterprise transfers at least 25 % of the profit for the year to the reserve for entrepreneurial companies under the equity. Transfer of 25 % of the profit for the year shall continue until the contributed capital and the reserve for entrepreneurial companies reaches a total amount of DKK 50,000.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Accounting policies used

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.

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

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

Profit and loss account

All amounts in DKK.

Note		1/1 2017 - 31/12 2017	29/12 2015 - 31/12 2016
	Gross profit	**2.644.887**	**1.082.678**
1	Staff costs	-1.095.105	-975.213
	Depreciation and writedown relating to tangible fixed assets	-48.691	-64.129
	Results before net financials	**1.501.091**	**43.336**
	Financial costs	-9.724	-786
	Results before tax	**1.491.367**	**42.550**
2	Tax on ordinary results	-329.228	-9.746
	Results for the year	**1.162.139**	**32.804**
	Proposed distribution of the results:		
	Dividend for the financial year	500.000	0
	Allocated to retained earnings	644.945	0
	To be transferred to reserve for entrepreneurial companies	17.194	32.804
	Distribution in total	**1.162.139**	**32.804**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2017	2016
	Fixed assets		
3	Other plants, operating assets, and fixtures and furniture	52.465	0
	Tangible fixed assets in total	52.465	0
	Fixed assets in total	**52.465**	**0**
	Current assets		
	Manufactured goods and trade goods	3.736.406	2.660.114
	Prepayments for goods	547.566	171.321
	Inventories in total	4.283.972	2.831.435
	Trade debtors	1.673.911	945.890
	Other debtors	6.250	0
	Accrued income and deferred expenses	42.700	25.700
	Debtors in total	1.722.861	971.590
	Available funds	1.495.918	723.055
	Current assets in total	**7.502.751**	**4.526.080**
	Assets in total	**7.555.216**	**4.526.080**

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities

Note		2017	2016
	Equity		
	Contributed capital	2	2
4	Reserve for entrepreneurial companies	49.998	32.804
5	Retained earnings	644.945	0
6	Proposed dividend for the financial year	500.000	0
	Equity in total	**1.194.945**	**32.806**
	Provisions		
	Provisions for deferred tax	2.000	0
	Provisions in total	**2.000**	**0**
	Liabilities		
	Trade creditors	93.158	220.336
	Debt to group enterprises	5.554.813	3.969.017
	Corporate tax	336.974	9.746
	Other debts	373.326	294.175
	Short-term liabilities in total	6.358.271	4.493.274
	Liabilities in total	**6.358.271**	**4.493.274**
	Equity and liabilities in total	**7.555.216**	**4.526.080**

7 Mortgage and securities

8 Contingencies

Notes

All amounts in DKK.

		1/1 2017 - 31/12 2017	29/12 2015 - 31/12 2016
1.	**Staff costs**		
	Salaries and wages	1.043.648	959.360
	Other costs for social security	6.816	6.816
	Other staff costs	44.641	9.037
		1.095.105	**975.213**
	Average number of employees	2	2
2.	**Tax on ordinary results**		
	Tax of the results for the year	327.228	9.746
	Adjustment for the year of deferred tax	2.000	0
		329.228	**9.746**

		31/12 2017	31/12 2016
3.	**Other plants, operating assets, and fixtures and furniture**		
	Additions during the year	56.746	0
	Cost closing balance	**56.746**	**0**
	Depreciation for the year	-4.281	0
	Depreciation and writedown closing balance	**-4.281**	**0**
	Book value closing balance	**52.465**	**0**
4.	**Reserve for entrepreneurial companies**		
	Reserve for entrepreneurial companies opening balance	32.804	0
	Provisions of the results for the year	17.194	32.804
		49.998	**32.804**

Notes

All amounts in DKK.

		31/12 2017	31/12 2016
5.	**Retained earnings**		
	Retained earnings for the year	644.945	0
		644.945	**0**
6.	**Proposed dividend for the financial year**		
	Dividend for the financial year	500.000	0
		500.000	**0**

7. Mortgage and securities

None.

8. Contingencies

Contingent liabilities

The company has entered into operational leasing contracts with an average annual leasing payment of DKK 85k. The leasing contracts have 33 months left to run, and the total outstanding leasing payment is DKK 176k.

The company has enteres into a tenancy agreement with an annual rent of DKK 159k. The tenancy may be terminated by giving 3 months' notice.