

Advanced Couplings IVS

Klokkestøbervej 43, 8800 Viborg

Company reg. no. 37 32 97 70

Annual report

1 January - 31 December 2018



The annual report was submitted and approved by the general meeting on the 7 March 2019.

Morten Kirkegaard
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 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 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 January 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.

Viborg, 7 March 2019

Executive board

Lars Andersen

Morten Bjerre Kirkegaard

Independent auditor's report on extended review

To the shareholders of Advanced Couplings IVS

Opinion

We have performed extended review of the annual accounts of Advanced Couplings IVS for the financial year 1 January 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.

Based on the work we have performed, we believe that 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 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We performed the extended review in accordance with the standard from the Danish Business Authority applicable on auditor's reports to small enterprises and in accordance with the standard from the Danish Institute of State Authorised Public Accountants applicable on extended review of annual accounts prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the extended review 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 evidence obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Auditor's responsibilities for the extended review of the annual accounts

Our responsibility is to express an opinion on the annual accounts. This requires that we plan and perform our procedures with the purpose of achieving moderate assurance as to our opinion on the annual accounts. Furthermore, it requires that we perform particularly required additional procedures with a view to achieving further assurance as to our opinion.

Independent auditor's report on extended review

An extended review comprises procedures primarily comprising inquiries to the management and to other persons within the enterprise when appropriate, analytical procedures, and the particularly required additional procedures along with an evaluation of the achieved audit evidence.

The scope of the procedures performed during an extended review is less than in case of an audit, and consequently, we do not express any audit opinion on the annual accounts.

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 extended review 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 extended review, 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.

Viborg, 7 March 2019

Ullits & Winther

State Authorised Public Accountants
Company reg. no. 32 09 32 72

Bo Skårup Sørensen

State Authorised Public Accountant
mne29531

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 2018 - 31 December 2018

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 2018 and shows a result of DKK 948.535 against a result of DKK 1.162.139 last year. The balance sheet shows equity of DKK 1.643.480.

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.

Accounting policies used

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.

Accounting policies used

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 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Gross profit	2.697.757	2.644.887
1 Staff costs	-1.381.087	-1.095.105
Depreciation and writedown relating to tangible fixed assets	-67.794	-48.691
Results before net financials	1.248.876	1.501.091
Financial income	4.028	0
Financial costs	-33.659	-9.724
Results before tax	1.219.245	1.491.367
2 Tax on ordinary results	-270.710	-329.228
Results for the year	948.535	1.162.139
Proposed distribution of the results:		
Dividend for the financial year	420.000	500.000
Allocated to results brought forward	528.535	644.945
To be transferred to reserve for entrepreneurial companies	0	17.194
Distribution in total	948.535	1.162.139

Balance sheet 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2018</u>	<u>2017</u>
Fixed assets			
3	Other plants, operating assets, and fixtures and furniture	<u>57.057</u>	<u>52.465</u>
	Tangible fixed assets in total	<u>57.057</u>	<u>52.465</u>
	Fixed assets in total	<u>57.057</u>	<u>52.465</u>
Current assets			
	Manufactured goods and trade goods	4.104.593	3.736.406
	Prepayments for goods	<u>477.205</u>	<u>547.566</u>
	Inventories in total	<u>4.581.798</u>	<u>4.283.972</u>
	Trade debtors	819.670	1.673.911
4	Receivable corporate tax	29.290	0
	Other debtors	0	6.250
	Accrued income and deferred expenses	<u>73.200</u>	<u>42.700</u>
	Debtors in total	<u>922.160</u>	<u>1.722.861</u>
	Available funds	<u>1.088.282</u>	<u>1.495.918</u>
	Current assets in total	<u>6.592.240</u>	<u>7.502.751</u>
	Assets in total	<u>6.649.297</u>	<u>7.555.216</u>

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Equity and liabilities		
Equity		
Contributed capital	2	2
5 Reserve for entrepreneurial companies	49.998	49.998
6 Retained earnings	1.173.480	644.945
7 Proposed dividend for the financial year	420.000	500.000
Equity in total	<u>1.643.480</u>	<u>1.194.945</u>
Provisions		
Provisions for deferred tax	2.000	2.000
Provisions in total	<u>2.000</u>	<u>2.000</u>
Liabilities		
Trade creditors	140.742	93.158
Debt to group enterprises	4.417.805	5.554.813
Corporate tax	0	336.974
Other debts	445.270	373.326
Short-term liabilities in total	<u>5.003.817</u>	<u>6.358.271</u>
Liabilities in total	<u>5.003.817</u>	<u>6.358.271</u>
Equity and liabilities in total	<u>6.649.297</u>	<u>7.555.216</u>

8 Mortgage and securities

9 Contingencies

Notes

All amounts in DKK.

	<u>2018</u>	<u>2017</u>
1. Staff costs		
Salaries and wages	1.357.880	1.043.648
Other costs for social security	6.816	6.816
Other staff costs	<u>16.391</u>	<u>44.641</u>
	<u>1.381.087</u>	<u>1.095.105</u>
Average number of employees	<u>2</u>	<u>2</u>
2. Tax on ordinary results		
Tax of the results for the year	270.710	327.228
Adjustment for the year of deferred tax	<u>0</u>	<u>2.000</u>
	<u>270.710</u>	<u>329.228</u>
	<u>31/12 2018</u>	<u>31/12 2017</u>
3. Other plants, operating assets, and fixtures and furniture		
Cost opening balance	56.746	0
Additions during the year	<u>19.521</u>	<u>56.746</u>
Cost closing balance	<u>76.267</u>	<u>56.746</u>
Depreciation and writedown opening balance	-4.281	0
Depreciation for the year	<u>-14.929</u>	<u>-4.281</u>
Depreciation and writedown closing balance	<u>-19.210</u>	<u>-4.281</u>
Book value closing balance	<u>57.057</u>	<u>52.465</u>

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
4. Receivable corporate tax		
Receivable corporate tax opening balance	-336.974	-9.746
Paid income tax during the financial year	<u>336.974</u>	<u>0</u>
Receivable corporate tax concerning previous years	0	-9.746
Calculated corporate tax for the present year	300.000	-327.228
Paid tax on account for the present year	<u>-270.710</u>	<u>0</u>
	<u>29.290</u>	<u>-336.974</u>
5. Reserve for entrepreneurial companies		
Reserve for entrepreneurial companies opening balance	49.998	32.804
Provisions of the results for the year	<u>0</u>	<u>17.194</u>
	<u>49.998</u>	<u>49.998</u>
6. Retained earnings		
Retained earnings opening balance	644.945	0
Retained earnings for the year	<u>528.535</u>	<u>644.945</u>
	<u>1.173.480</u>	<u>644.945</u>
7. Proposed dividend for the financial year		
Dividend opening balance	500.000	0
Distributed dividend	-500.000	0
Dividend for the financial year	<u>420.000</u>	<u>500.000</u>
	<u>420.000</u>	<u>500.000</u>
8. Mortgage and securities		
None.		

Notes

All amounts in DKK.

9. Contingencies

Contingent liabilities

The company has entered into operational leasing contracts with an average annual leasing payment of DKK 91k. The leasing contracts have 40 months left to run, and the total outstanding leasing payment is DKK 249k.

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