

Phillips-Medsize Holdings A/S
Gimsinglundvej 20
DK -7600 Struer

Annual Report 2018

1 January 2018 - 31 December 2018

The Annual Report was presented
and adopted at the Annual General
Meeting of the Group
on 31/5 2019


Chairman, Norman Charles Roegner III

CVR No 37705497

Contents

	Page
Management's Review	
Company Information	1
Management's Review	2
Management's Statement and Auditor's Report	
Management's Statement on the Annual Report	3
Independent Auditor's Report	4
Financial Statements 1 January - 31 December 2018	
Comprehensive income statement	7
Balance Sheet	8
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes	
Notes	12
Notes 1-4 General notes	13
Note 5 Note to the income statement	17
Notes 6-11 Notes to the balance sheet	17
Notes 12-13 Notes to the liquidity statement	18
Note 14 Contingent liabilities and other financial obligations	18
Note 15 Related parties	18
Note 16 Group matters	19

Company Information

Phillips-Medysize Holdings A/S
CVR No 37705497

Country of registration	Denmark
Board of Directors	Matthew Jon Jennings (Chairman) William Patrick Welch Norman Charles Roegner III
Executive Board	Norman Charles Roegner III
Main office	Phillips-Medysize Holdings A/S Gimsinglundvej 20 DK-7600 Struer
Main activity	Investment in Phillips-Medysize A/S
Auditors	Ernst & Young Vestre Havnepromenade 1A 9000 Aalborg
Ownership	Pantheon Topco, Inc. 4001 Kennett Pike, Suite 302 City of Wilmington County of New Castle Delaware 19807 USA Ownership share: 100%

Management's Review

Main activity

The object of the company is holding activities and investment in Phillips-Medsize A/S.

Development in the year

In the period 1. January - 31 December 2018, the company has a loss of DKK 8.004 k.

Significant post balance sheet events

No events have occurred which significantly affect the assessment of the Annual Report.

Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Phillips-Medsize Holdings A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company's operations and cash flows for 2018.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Struer ³¹/₅ 2019

Executive Board


Norman Charles Roegner III
CEO

Board of Directors


Matthew Jon Jennings
Chairman

 
William Patrick Welch Norman Charles Roegner III

Independent auditor's report

To the shareholders of Phillips-Holdings A/S

Opinion

We have audited the financial statements of Phillips-Holdings A/S for the financial year 1 January - 31 December 2018, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

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.

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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and 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 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 note 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.

Aalborg, 31 May 2019

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Hans B. Vistisen
State Authorised
Public Accountant
mne23254

Comprehensive income statement

Phillips-Medysize Holdings A/S

(DKK '000)

Notes		
	2018	2017
Revenue	-	-
Production costs	-	-
Gross profit/loss	-	-
Administrative expenses etc	(58)	(124)
Operating profit/loss	(58)	(124)
Financial income	8.741	23.926
Financial expenses	(18.945)	(4.779)
Net financials	(10.204)	19.147
Profit/loss on ordinary activities before tax	(10.262)	19.023
5 Tax on profit/loss on ordinary activities	2.258	(4.187)
Net profit/loss for the year	(8.004)	14.836
Other income and expenses recognised directly via equity	-	-
Total comprehensive income statement	(8.004)	14.836

Assets

Phillips-Medysize Holdings A/S

(DKK '000)

		2018	2017
Notes			
	Fixed asset investments		
6	Investments in subsidiaries	184.620	184.620
	Total investments	184.620	184.620
	Total non-current assets	184.620	184.620
	Receivables		
7	Receivables from group enterprises	323	376
	Jointly tax receivables	5.379	7
	Total receivables	5.702	383
	Cash at bank	311	-
	Total current assets	6.013	383
	Total assets	190.633	185.003

Liabilities and equity

Phillips-Medsize Holdings A/S

(DKK '000)

		2018	2017
Notes			
	Equity		
8	Share capital	500	500
9	Retained earnings	6.809	14.813
	Proposed dividend for the year	-	-
	Total equity	7.309	15.313
	Current liabilities		
10	Payables to group enterprises	175.676	165.473
11	Other payables	347	30
	Deferred tax	2.557	-
	Current jointly tax payable	4.744	4.187
	Total current liabilities	183.324	169.690
	Total liabilities	183.324	169.690
	Total liabilities and equity	190.633	185.003

Statement of Changes in Equity

Phillips-Medisize Holdings A/S

(DKK '000)

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1. January 2017	500	(23)	-	477
Net profit/loss for the year		14.836		14.836
Proposed dividend for the year	-	-	-	-
Equity at 31 December 2017	500	14.813	-	15.313
Equity at 1. January 2018	500	14.813	-	15.313
Net profit/loss for the year		(8.004)		(8.004)
Proposed dividend for the year	-	-	-	-
Equity at 31 December 2018	500	6.809	-	7.309

Cash Flow Statement

Phillips-Medysize Holdings A/S

(DKK '000)

		2018	2017
Notes			
	Net profit/loss for the year	(8.004)	14.836
12	Adjustments	(12.462)	23.334
13	Change in working capital	10.573	(19.023)
	Cash flows from operating activities	(9.893)	19.147
	Investments in subsidiaries	-	-
	Cash flows from investing activities	-	-
	Financial income	(8.741)	(23.926)
	Share capital	-	-
	Financial expense	18.945	4.779
	Cash flows from financing activities	10.204	(19.147)
	Cash flows for the year	311	-
	Cash and cash equivalents, beginning of year	-	-
	Cash and cash equivalents, end of year	311	-
	Cash and cash equivalents consist of:		
	Cash at bank and in hand	311	-
	Cash and cash equivalents, end of period	311	-

Notes

General notes

- 1-4 General notes

Notes to the income statement

- 5 Tax on profit/loss on ordinary activities

Notes to the balance sheet

- 6 Fixed asset investments
- 7 Receivables from group enterprises
- 8 Share capital
- 9 Retained earnings
- 10 Payables to group enterprises
- 11 Other payables

Notes to the cash flow statement

- 12 Adjustments
- 13 Change in working capital

Notes without reference

- 14 Contingent liabilities and other financial obligations
- 15 Related parties
- 16 Group matters

Notes

1 Accounting Policies

Basis of preparation

The Financial Statements of Phillips-Medisize Holdings A/S has been prepared in accordance with International Financial Reporting Standards as approved by the EU (IFRS) and additional Danish disclosure requirements applying to enterprises of reporting class b as well as selected rules applying to reporting class C, of IFRS notification issued according to the Danish Financial Statements Act.

The Financial Statement is presented in DKK, which is considered as the functional currency of the company.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Translation policies

Receivables and payables

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Gains and losses arising due to differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Comprehensive income

Phillips-Medisize Holdings A/S presents comprehensive income in one statement. The statement of total comprehensive income which includes result for the year and income recognized in other comprehensive income. Other comprehensive income includes exchange gains/losses arising from translating the financial statements of a foreign operation.

Income statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Administrative expenses

Administrative expenses comprise expenses for auditor, office expenses, including amortisation, depreciation and impairment losses.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Tax

Tax for the year consists of current tax for the year and change in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with other Danish group companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, writedown is made to this lower value.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Equity

Dividend

Proposed dividend is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by setoff against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Fixed-interest loans, such as bank loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost, corresponding to the capitalised value when using the effective interest rate, so that the difference between the proceeds and the nominal value (capital loss) is recognised in the income statement over the loan period

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Notes

Cash flow statement

The cash flow statement is presented under the indirect method based on net profit/loss for the year.

The cash flow statement shows cash flows for the year, changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for non-cash operating items, and corporation taxes as well as changes in working capital. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise of expenses received and paid and financial income, the raising and repayment of long-term debt, dividend paid and proceeds from share capital increases.

Cash and cash equivalents

Cash and cash equivalents comprise cash holdings and withdrawals from overdraft facility. Cash flows in foreign currencies are translated at the average monthly exchange rates which do not deviate materially from the exchange rates at the date of payment.

Notes

2 New accounting standards

Phillips-Medsize Holdings A/S has implemented the IASB and EU approved accounting standards and amendments and interpretations in force entered for the financial year 1 January - 31 December 2018.

The Company has implemented amendments or new standards (IFRS) for financial year 2018:

Phillips-Medsize Holdings A/S has assessed the effect of the new standards, amendments and interpretations. Phillips-Medsize Holdings A/S has concluded that all standards, amendments and interpretations effective for financial years beginning on or after 1 January 2018 are either not relevant to Phillips-Medsize Holdings A/S or have no significant effect on the Financial Statements of Phillips-Medsize Holdings A/S.

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3 Financial risk management

Phillips-Medsize Holdings A/S do not have any financial risk due to holding of shares in Phillips-Medsize A/S.

The Company manages the liquidity risk, which is expected to be low due to payables to other group enterprises and minor debts to none-group suppliers.

4 New accounting standards 2018

At the time of this annual report, the IASB has issued new and amended accounting standards and interpretations that are not mandatory for Phillips-Medsize Holdings A/S when preparing the annual report for 2018.

The approved non-effective standards and interpretations are implemented as they become mandatory for Phillips-Medsize Holdings A/S. From these standards and interpretations, it has been assessed that none will influence recognition and measurement of Phillips-Medsize A/S.

Notes

Phillips-Medisize Holdings A/S

(DKK '000)

	2018	2017
5 Tax on profit/loss on ordinary activities		
Deferred tax	(2.258)	4.187
Total tax on profit/loss on ordinary activities	(2.258)	4.187
Tax for the year is specified as follows:		
Tax to be recognised in the income statement	(2.258)	4.187
	(2.258)	4.187
Tax on profit/loss for the year is specified as follows:		
Calculated tax on profit/loss before tax	-	-
	-	-
Danish tax rate	22,0%	22,0%
Average effective tax rate for the year	22,0%	22,0%

Corporation tax paid, incl tax on account, amounts to DKK 0k.

At 1 June 2016, Phillips-Medisize A/S is part of the joint taxation with Phillips-Medisize Holdings A/S.

6 Fixed asset investments

	Investments in subsidiaries
Cost at 1. January	184.620
Additions for the year	-
Cost at 31 December	184.620
Impairment losses at 1. January	-
Reversed impairment losses on disposals for the year	-
Impairment losses at 31 December	-
Carrying amount at 31 December 2018	184.620

Investments in subsidiaries are specified as follows:

Name	Share capital	Votes and ownership
Phillips-Medisize A/S		100%

	2018	2017
7 Receivables from group enterprises		
Receivables from group enterprises (gross) at 31 December	323	376

No provision has been made for receivables from group enterprises

All receivables from group enterprises fall due within one year. The fair value of receivables from group enterprises is DKK 323k.

	2018	2017
8 Share capital		
The share capital consists of 500,000 shares of DKK 1	500	500

No shares carry any special rights.

Notes

Phillips-Medsize Holdings A/S

(DKK '000)

9 Retained earnings

In 2018 DKK 0 was paid as dividend, corresponding to DKK 0 per share.
A dividend of DKK 0k will be proposed for 2018.

Phillips-Medsize Holdings A/S' Executive Board and Board of Directors currently assess whether the Company's capital structure is adequate and which activities are necessary to ensure this.
Usually no dividend is paid out unless it may be included in net profit/loss for the year.

	2018	2017
10 Payables to group enterprises		
Payables to group enterprises (gross) at 31 December	175.676	165.473
The fair value of payables to group enterprises is DKK 175.676 k.		

11 Other payables

Other	347	30
Total other payables	347	30

No other payables fall due for payment after 1 year.

The fair value of other payables is DKK 347k.

For payables falling due within 1 year after the balance sheet date the carrying amount of the payables is in all materiality considered to equal the fair value of the payables.

	2018	2017
12 Adjustments		
Financial income	8.741	23.926,0
Financial expenses	(18.945)	(4.779,0)
Tax on profit/loss for the year	(2.258)	4.187
	(12.462)	23.334

13 Change in working capital

Change in receivables etc	53	124
Change in trade payables etc	10.520	(19.147)
	10.573	(19.023)

14 Contingent liabilities and other financial obligations

a Joint taxation

The Group companies are jointly and severally liable for tax on the Group's jointly taxed income etc. Total corporation tax payable appears from the Annual Report of Phillips-Medsize Holdings A/S, which is the administration company in relation to the joint taxation. The Group companies are moreover jointly and severally liable for Danish withholding taxes in the form of dividend.

b Litigations

Phillips-Medsize Holdings A/S is not engaged in any litigation.

15 Related parties

The Company's related party with controlling interest is Phillips Plastics Corporation.

The related parties with significant influence in the Company are the Board of Directors as well as their related family members. Related parties also comprise companies in which these persons have

Related parties with other influence in the Company are the Executive Board

Executive Board and Board of Directors

There have not been any transactions with the Board of Directors or Executive Board.

Notes

Phillips-Medisize Holdings A/S

(DKK '000)

16 Group matters

The Company, whose controlling shareholder is Pantheon Topco, inc. , is included in the Consolidated Financial Statements of its Parent Company, MOLEX ELECTRONIC TECHNOLOGIES, LLC, 2222 Wellington Court Lisle, IL 60532-1682, United States. Phillips-Medisize Holdings A/S is ultimate owned by Koch Industries Inc. 4111 East 37th Street North, Wicita, Kansas 67220. Phillips-Medisize Holdings A/S is included in the Consolidated Financial Statement for Koch Industries Inc.