

ANNUAL REPORT

1. January - 31. December 2018

BM GROUP INTERNATIONAL APS

**Marielundvej 48D
2730 Herlev**

CVR-No. 38 75 47 85

2. Financial year

The Annual Report was presented and
adopted by the Annual General Meeting

20. June 2019

Jonathan Nigel Edwards
Chairman of the meeting

TABLE OF CONTENTS

	Page
Company information	1
Management's Statement	2
Independent Auditor's Reports	3
Mangement's Review	5
Accounting Policies	6-10
Income Statement 1. January - 31. December 2018	11
Balance Sheet 31. December 2018	12-13
Notes	14

Please note that Danish decimal and digit grouping symbols have been used in the Annual Report.

The Company:

BM Group International ApS
Marielundvej 48D
2730 Herlev

Executive Board:

Jonathan Nigel Edwards

Auditors:

Lægård Revision
Statsautoriseret revisionsfirma
Østerbrogade 62
2100 København Ø

Today the Board of Directors and the Executive Board presented the Annual Report for 2018 for BM Group International ApS.

The Annual Report has been presented in accordance with the Danish Financial Statements Act.

We find the accounting policies applied appropriate, and the Annual Report therefore provides a true and fair view of the Company's assets, liabilities and equity, financial position and results of the company. In our opinion, the Management's Review includes a true and fair description of the matters mentioned in the review.

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

Herlev, 12. June 2019.

Executive Board:

Jonathan Nigel Edwards

To the shareholders of BM Group International ApS.**Disclaimer of Opinion:**

We were engaged to audit the accompanying financial statements of BM Group International ApS for the financial year 1. January 2018 - 31. December 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies, for the company. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Basis for Disclaimer of Opinion:

It has not been possible to obtain sufficient appropriate audit evidence of the presence and value of debts to business participants and management, recognized under Other Debts, respectively Equity in the opening balance sheet as at 1 January 2018. The lack of audit evidence is limited to DKK 1,750,000. We were unable to determine whether any adjustments might have been found necessary, in the financial statements.

We were not appointed as auditors before 2018 and thus did not observe the counting of the physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 1 January, 2018. As a result of these matters, we were unable to obtain sufficient appropriate audit evidence regarding the inventory as per 1 January, 2018. We were unable to determine whether any adjustments might have been found necessary in the financial statements.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

In preparing the financial statements, management is responsible for assessing the company's ability to continue operations; To provide information on matters relating to continued operation where appropriate; and to draw up the financial statements on the basis of the accounting principle of continued operation, unless the management intends either to liquidate the company, cease operations or have no other realistic alternative than to do so.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing and the additional requirements that apply in Denmark. Because of the matters described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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

Statement on Management's Review:

As can be seen in the "Basis for Disclaimer of Opinion ", we have not been able to obtain sufficient appropriate audit evidence that could form the basis for a conclusion on the financial statements. We therefore do not give a Statement on Management's Review.

Herlev, 12. June 2019.
Lægård Revision, CVR-No. 18 43 70 82
State Authorised Public Accountants

Kurt Lægård
State Authorised Public Accountant
MNE-No. mne15013

Principal activities:

BM Group International ApS' principal activities are manufacturing and trading of industrial machines.

The annual report of BM Group International ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act regarding reporting medium-sized class B enterprises.

The significant areas of the accounting policies, which are presented using the same policies as last year, are mentioned below.

GENERALLY REGARDING RECOGNITION AND MEASUREMENT

Income is recognised in the Income Statement as earned, including value adjustments of financial assets and liabilities. Likewise, all expenses including depreciation/amortisation, impairment losses, and reversals which are due to changes in estimated amounts previously

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and when the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that the future economic benefits will flow out of the Company and when the measurement of the value of the liability

On initial recognition, assets and liabilities are recognised at cost. Subsequently, assets and liabilities are measured as described below for each item.

Allowances are made for predictable losses and risks that arise before the presentation of the Annual Report and that confirm or invalidate circumstances that existed at the balance sheet date.

The carrying value of the tangible fixed assets, are reviewed annually to determine, if there are any indication of impairment, besides what is determined as normal depreciation. If this is the case, the assets will be written down to its recoverable amount.

THE INCOME STATEMENT:

Gross income:

Gross income comprises the net turnover, other operating income, cost of sales and other external costs.

Revenue:

Revenue from services is recognized in the income statement, when the service have been delivered.

Cost of sales:

Cost of sales includes costs incurred to achieve net sales for the year. Including direct and indirect costs for raw materials and consumables.

Other operating income and other operating expenses:

Other operating income and other operating expenses comprises items of a secondary activity, including profit and losses on sale of intangible and tangible fixed assets.

Other external costs:

Other external costs include costs relating to sales, advertising, administration and premises.

Staff costs:

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

Financials:

Financial income and costs are recognised in the income statement, with the amounts concerning the financial year. Financial income and costs include interest and transactions in foreign currency.

Tax on results for the year:

Tax on results for the year which comprises current tax and changes in deferred tax is recognised in the Income Statement with the portion of taxes related to the taxable income for the year whereas the portion attributable to entries on equity is recognised directly in equity.

The parent company and the Danish group companies are jointly taxed. Danish corporation tax is distributed among the jointly taxed Danish companies in proportion to their taxable income. The parent company acts as the administration company for the joint taxation circuit and is responsible for settling taxes etc. to the Danish tax authorities.

AKTIVER:**Tangible fixed assets:**

Equipment, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses

The depreciable amount is cost less expected residual value after the end of the asset's life.

Cost includes the purchase price, as well as expenses directly attributable to the acquisition, up until the moment the asset is ready to be commissioned.

Assets are depreciated under the straight-line method over the expected useful lives of the assets and the scrap value:

	Operating time	Scrap value
Other plants, fixtures and equipment	3-5 år	0

Small assets are recognised as costs in the Income Statement in the year of acquisition.

Profits and losses arising from disposal of plant and equipment are stated as the difference between the selling price less the selling costs and the carrying amount of the asset at the time of the disposal. Profits and losses are recognised in the Income Statement in other operating income or other operating expenses.

Financial assets:

Other receivables are measured at amortized cost, which normally corresponds to the nominal value.

Inventories:

Inventories are measured at cost on basis of "first in - first out" (FIFO) accounting. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and direct production cost.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables:

Receivables are measured at amortised cost which usually equals nominal value. The value will be adjusted to meet expected losses.

Prepayments:

Prepayments recognized under assets include incurred expenses relating to subsequent financial years.

Cash funds:

Cash equivalents consist of bank deposits and cash. Cash and cash equivalents are carried at fair value.

LIABILITIES:**Prepayments from customers:**

Received prepayments from customers, recognized under liabilities, include payments relating to revenue in subsequent years.

Tax payable and deferred tax:

Current tax liabilities and current tax receivable are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on previous years' taxable income and taxes paid on account/prepaid.

Deferred tax is measured according to the balance sheet liability method in respect of temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured according to the balance sheet liability method in respect of temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, e.g. in respect of shares in which the statement of the tax base can be made according to alternative taxation rules, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets including the tax value of tax loss carryforwards, are measured at the expected realisable value, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realisable value.

Liabilities:

Liabilities concerning debts to suppliers and other debts are measured at amortised cost which usually corresponds to the nominal value.

<u>Note</u>		2018	2017
	GROSS PROFIT	7.413.441	6.810.573
1	Staff costs	-6.327.339	-4.548.336
	PROFIT (LOSS) FROM ORDINARY OPERATING ACTIVITIES	1.086.102	2.262.237
	Depreciation, amortisation expense and impairment losse	-141.840	-60.858
	Other operating expenses	-74.016	0
	PROFIT/LOSS BEFORE INTEREST AND TAX	870.246	2.201.379
	Financial income	237.281	148.799
	Financial expenses	-411.628	-273.041
	PROFIT BEFORE TAX	695.899	2.077.138
	Tax on profit for the year	-156.671	-407.425
	PROFIT FOR THE YEAR	539.228	1.669.713
 PROPOSED DISTRIBUTION OF PROFIT			
	Dividend for the year	0	0
	Retained earnings	539.228	1.669.713
	<u>TOTAL DISTRIBUTION</u>	<u>539.228</u>	<u>1.669.713</u>

BALANCE SHEET AS AT 31. DECEMBER 2018
12
ASSETS

<u>Note</u>	<u>31/12 2018</u>	<u>31/12 2017</u>
Other fixtures and fittings, tools and equipment	250.793	283.133
TANGIBLE ASSETS	250.793	283.133
Other receivables	189.561	184.938
FINANCIAL ASSETS	189.561	184.938
NON-CURRENT ASSETS	440.354	468.071
Manufactured goods and goods for resale	4.597.874	4.826.709
INVENTORIES	4.597.874	4.826.709
Trade receivables	2.523.753	1.787.334
Receivables from group enterprises	30	200.969
Deferred Tax	92.800	107.945
Other receivables	46.875	173.312
Prepayments	256.301	420.659
RECEIVABLES	2.919.759	2.690.219
CASH AND CASH EQUIVALENTS	1.155.081	1.092.534
CURRENT ASSETS	8.672.715	8.609.461
TOTAL ASSETS	9.113.068	9.077.532

LIABILITIES

<u>Note</u>	<u>31/12 2018</u>	<u>31/12 2017</u>
Contributed capital	50.000	50.000
Retained earnings	5.193.830	4.654.602
Proposed dividend for the financial year	0	0
EQUITY	5.243.830	4.704.602
Short-term debt to other credit institutions	30.036	0
Prepayments received from customers	157.594	214.543
Trade payables	415.860	478.329
Short-term tax payables	141.526	413.732
Other short-term payables	3.124.222	3.266.327
SHORT-TERM LIABILITIES	3.869.239	4.372.930
LIABILITIES	3.869.239	4.372.930
LIABILITIES AND EQUITY	9.113.068	9.077.532

Note

- 2 Contingent liabilities

		2018	2017
<u>1</u>	<u>Staff costs</u>		
Wages and salaries		6.071.339	4.326.024
Other social security contributions		70.038	55.366
Other employee costs		<u>185.963</u>	<u>166.946</u>
TOTAL		6.327.339	4.548.336

<u>Average number of full time employees</u>	<u>8</u>	<u>6</u>
--	----------	----------

2 Contingent liabilities

The company's total contingent liabilities amount to approx. DKK 374.000.

The Company is jointly and severally liable for the corporate tax of the Group's jointly taxed income and for certain withholding tax as dividend tax and royalties tax. The total corporation tax is stated in the annual report for BM Group Holding ApS CVR no. 40 07 99 20, which is management company in relation to the joint taxation. Any subsequent corrections of joint taxation income and withholding taxes, etc. could result in the company's liability amounting to a larger amount.

PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift.
Underskrivernes identiteter er blevet registereret, og informationerne er listet herunder.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Jonathan Nigel Edwards

Direktør og dirigent

På vegne af: Jonathan Edwards

Serienummer: PID:9208-2002-2-150727250724

IP: 62.135.xxx.xxx

2019-06-20 10:19:32Z

NEM ID 

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstemplet med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejet i denne PDF, tilfældet om de skal anvendes til validering i fremtiden.

Sådan kan du sikre, at dokumentet er originalt

Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet

i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service <penneo@penneo.com>**. Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser indlejet i dokumentet ved at anvende Penneos validator på følgende websted: <https://penneo.com/validate>