

AVK Plast A/S
Øster Vedsted Vej 26 A
6760 Ribe
Business Registration No
78205628

**Annual report 01.10.2017
- 30.09.2018**

The Annual General Meeting adopted the annual report on 06.12.2018

Chairman of the General Meeting

Name: Knud Flemming Madsen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2017/18	7
Balance sheet at 30.09.2018	8
Statement of changes in equity for 2017/18	10
Notes	11
Accounting policies	14

Entity details

Entity

AVK Plast A/S

Øster Vedsted Vej 26 A

6760 Ribe

Central Business Registration No (CVR): 78205628

Registered in: Esbjerg

Financial year: 01.10.2017 - 30.09.2018

Board of Directors

Knud Flemming Madsen, Chairman

Vilhelm Nakskov Laursen

Poul Erik Olesen Schmidt

Executive Board

Peter Michael Larsen, Director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Værkmestergade 2

Postbox 200

8000 Aarhus

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of AVK Plast A/S for the financial year 01.10.2017 - 30.09.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2018 and of the results of its operations for the financial year 01.10.2017 - 30.09.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Ribe, 06.12.2018

Executive Board

Peter Michael Larsen
Director

Board of Directors

Knud Flemming Madsen
Chairman

Vilhelm Naskov Laursen

Poul Erik Olesen Schmidt

Independent auditor's report

To the shareholders of AVK Plast A/S

Opinion

We have audited the financial statements of AVK Plast A/S for the financial year 01.10.2017 - 30.09.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2018 and of the results of its operations for the financial year 01.10.2017 - 30.09.2018 in accordance with 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 about 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 the 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Aarhus, 06.12.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556

Henrik Vedel
State Authorised Public Accountant
Identification No (MNE) mne10052

Søren Alsen Lauridsen
State Authorised Public Accountant
Identification No (MNE) mne40040

Management commentary

Primary activities

The company's principal activities comprise manufacture, secondary operation and finishing and sale of plastic products to the Industry.

The manufacture comprises mainly plastic moulding of very different plastic products in machines with clamp forces from 35 to 2,700 tonnes. The products are manufactured and sold with and without subsequent installation.

The secondary operation and finishing comprises typically assembly work where, for example, plastic products and components are assembled to semi-products or finished products and are then delivered/sold.

The company has its own moulding facility which, besides dealing with maintenance work, manufactures and sells moulds and tools to its customers.

Development in activities and finances

The company has existed for approximately 50 years and has been part of the AVK Group since 2010.

Profit before taxes amounts to DKK 2.3 million and gross profit amounts to DKK 33 million.

The result are as expected and management consider it as satisfactory. Management expects an increase in revenue in 2018/19 and thus also an improved result.

The company has in the past year invested in extra production capacity in general.

AVK Plast A/S is certified according to the ISO 9001:2008 and ISO 14001:2004 standards. Advanced Product Quality Planning (APQP) has been implemented, including i.a. PPAP, FMEA, PSC and MSA.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2017/18

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Gross profit		33.040.543	27.169.407
Staff costs	1	(25.853.900)	(21.742.262)
Depreciation, amortisation and impairment losses		<u>(4.372.647)</u>	<u>(3.254.471)</u>
Operating profit/loss		2.813.996	2.172.674
Other financial income		20.737	52.604
Other financial expenses		<u>(494.607)</u>	<u>(569.150)</u>
Profit/loss before tax		2.340.126	1.656.128
Tax on profit/loss for the year	2	<u>(515.647)</u>	<u>(364.490)</u>
Profit/loss for the year		<u>1.824.479</u>	<u>1.291.638</u>
Proposed distribution of profit/loss			
Retained earnings		<u>1.824.479</u>	<u>1.291.638</u>
		<u>1.824.479</u>	<u>1.291.638</u>

Balance sheet at 30.09.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Acquired intangible assets		192.010	293.350
Intangible assets	3	192.010	293.350
Plant and machinery		38.781.602	28.869.148
Other fixtures and fittings, tools and equipment		0	0
Leasehold improvements		1.821.488	828.077
Property, plant and equipment	4	40.603.090	29.697.225
Receivables from group enterprises		500.000	500.000
Fixed asset investments	5	500.000	500.000
Fixed assets		41.295.100	30.490.575
Raw materials and consumables		8.891.626	8.605.592
Work in progress		3.396.337	917.761
Manufactured goods and goods for resale		3.690.446	3.622.337
Inventories		15.978.409	13.145.690
Trade receivables		18.895.130	12.013.894
Contract work in progress		10.000	18.284
Receivables from group enterprises		5.458.087	1.606.401
Other receivables		980.266	660.040
Prepayments		326.316	268.387
Receivables		25.669.799	14.567.006
Cash		3.225	6.320
Current assets		41.651.433	27.719.016
Assets		82.946.533	58.209.591

Balance sheet at 30.09.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Contributed capital		500.000	500.000
Retained earnings		<u>25.556.783</u>	<u>23.732.304</u>
Equity		<u>26.056.783</u>	<u>24.232.304</u>
Deferred tax		<u>940.393</u>	<u>981.801</u>
Provisions		<u>940.393</u>	<u>981.801</u>
Finance lease liabilities		<u>27.312.607</u>	<u>20.508.621</u>
Non-current liabilities other than provisions	6	<u>27.312.607</u>	<u>20.508.621</u>
Current portion of long-term liabilities other than provisions	6	3.834.972	2.142.834
Trade payables		8.636.088	4.418.632
Payables to group enterprises		10.600.870	1.608.806
Joint taxation contribution payable		557.055	447.666
Other payables		<u>5.007.765</u>	<u>3.868.927</u>
Current liabilities other than provisions		<u>28.636.750</u>	<u>12.486.865</u>
Liabilities other than provisions		<u>55.949.357</u>	<u>32.995.486</u>
Equity and liabilities		<u>82.946.533</u>	<u>58.209.591</u>
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Assets charged and collateral	9		
Group relations	10		

Statement of changes in equity for 2017/18

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500.000	23.732.304	24.232.304
Profit/loss for the year	0	1.824.479	1.824.479
Equity end of year	500.000	25.556.783	26.056.783

Notes

	2017/18	2016/17
	DKK	DKK
1. Staff costs		
Wages and salaries	21.989.804	18.414.248
Pension costs	2.916.946	2.492.438
Other social security costs	511.954	411.224
Other staff costs	435.196	424.352
	25.853.900	21.742.262
Average number of employees	54	45

	2017/18	2016/17
	DKK	DKK
2. Tax on profit/loss for the year		
Current tax	557.055	447.666
Change in deferred tax	(41.408)	(83.176)
	515.647	364.490

	Acquired intangible assets DKK
3. Intangible assets	
Cost beginning of year	1.005.056
Additions	40.204
Cost end of year	1.045.260
Amortisation and impairment losses beginning of year	(711.706)
Amortisation for the year	(141.544)
Amortisation and impairment losses end of year	(853.250)
Carrying amount end of year	192.010

Notes

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
4. Property, plant and equipment			
Cost beginning of year	41.683.282	24.999	1.345.018
Additions	14.047.643	0	1.146.890
Disposals	(12.900)	0	0
Cost end of year	55.718.025	24.999	2.491.908
Depreciation and impairment losses beginning of year	(12.814.134)	(24.999)	(516.941)
Depreciation for the year	(4.135.189)	0	(153.479)
Reversal regarding disposals	12.900	0	0
Depreciation and impairment losses end of year	(16.936.423)	(24.999)	(670.420)
Carrying amount end of year	38.781.602	0	1.821.488
Recognised assets not owned by entity	30.201.692	-	-
			Receivables from group enterprises DKK
5. Fixed asset investments			
Cost beginning of year			500.000
Cost end of year			500.000
Carrying amount end of year			500.000

Notes

	Due within 12 months 2017/18 DKK	Due within 12 months 2016/17 DKK	Due after more than 12 months 2017/18 DKK	Outstanding after 5 years DKK
6. Liabilities other than provisions				
Finance lease liabilities	3.834.972	2.142.834	27.312.607	12.945.384
	<u>3.834.972</u>	<u>2.142.834</u>	<u>27.312.607</u>	<u>12.945.384</u>
			<u>2017/18 DKK</u>	<u>2016/17 DKK</u>
7. Unrecognised rental and lease commitments				
Liabilities under rental or lease agreements until maturity in total			<u>315.000</u>	<u>205.000</u>
Liabilities under rental agreements or leases with group enterprises until expiry			<u>1.601.000</u>	<u>1.210.000</u>

Unrecognised rental and lease commitments regards 3 operational lease contracts until 2020 and 1 rental contract with 12 months left.

8. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Anpartsselskab ASX af 28. August 2014 serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

9. Assets charged and collateral

The company have made a delivery guarantee which expires in 2020, of 865,000 DKK.

10. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Anpartsselskabet ASX af 28. August 2014

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

AVK Holding A/S, Galten

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and acquired intellectual property right.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Accounting policies

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Contract work in progress

Contract work in progress is measured at the cost price of the work carried out at the balance sheet date.

Revenue and expenses regarding the contract work is recognised in the income statement when delivery is made and risk has passed to the buyer.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

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

Accounting policies

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.