

AVK Plast A/S

Øster Vedsted Vej 26 A

6760 Ribe

Central Business Registration No

78205628

Annual report 2016/17

The Annual General Meeting adopted the annual report on 13.11.2017

Chairman of the General Meeting

Name: Knud Flemming Madsen

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Entity details

Entity

AVK Plast A/S
Øster Vedsted Vej 26 A
6760 Ribe

Central Business Registration No: 78205628

Registered in: Esbjerg

Financial year: 01.10.2016 - 30.09.2017

Board of Directors

Knud Flemming Madsen, Chairman
Garnt Cornelis de Kroon
Vilhelm Nakskov Laursen
Poul Erik Olesen Schmidt

Executive Board

Peter Michael Larsen, Director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Værkmestergade 2
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 01.10.2016 - 30.09.2017.

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 30.09.2017 and of the results of its operations for the financial year 01.10.2016 - 30.09.2017.

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, 13.11.2017

Executive Board

Peter Michael Larsen
Director

Board of Directors

Knud Flemming Madsen
Chairman

Garnt Cornelis de Kroon

Vilhelm Nakskov 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 01.10.2016 - 30.09.2017, 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 30.09.2017 and of the results of its operations for the financial year 01.10.2016 - 30.09.2017 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.

Independent auditor's report

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:

- 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, 13.11.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Henrik Vedel
State Authorised Public Accountant

Søren Alsen Lauridsen
State Authorised Public Accountant

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 approx. 50 years and has been part of the AVK Group since 26 April 2010.

Profit before taxes amounts to DKK 1.7 million and gross profit amounts to DKK 27.2 million.

The result are as expected and management consider it as satisfactory. Management expects an increase in revenue in 2017/18 and thus also a improved result.

The company has in the past year invested in extra production capacity in general, and a new 1,700 tonnes plastic moulding machine cell was installed in September 2016.

Environmental performance

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 2016/17

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Gross profit		27.169.407	25.804.741
Staff costs	1	(21.742.262)	(22.054.032)
Depreciation, amortisation and impairment losses		<u>(3.254.471)</u>	<u>(3.162.920)</u>
Operating profit/loss		2.172.674	587.789
Other financial income		52.604	98.373
Other financial expenses		<u>(569.150)</u>	<u>(446.193)</u>
Profit/loss before tax		1.656.128	239.969
Tax on profit/loss for the year	2	<u>(364.490)</u>	<u>(54.244)</u>
Profit/loss for the year		<u>1.291.638</u>	<u>185.725</u>
Proposed distribution of profit/loss			
Retained earnings		<u>1.291.638</u>	<u>185.725</u>
		<u>1.291.638</u>	<u>185.725</u>

Balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Acquired intangible assets		293.350	197.704
Intangible assets	3	293.350	197.704
Plant and machinery		28.869.148	29.787.156
Other fixtures and fittings, tools and equipment		0	0
Leasehold improvements		828.077	962.579
Property, plant and equipment	4	29.697.225	30.749.735
Deposits		500.000	500.000
Other receivables		0	1.195.000
Fixed asset investments	5	500.000	1.695.000
Fixed assets		30.490.575	32.642.439
Raw materials and consumables		8.605.592	6.658.894
Work in progress		917.761	486.700
Manufactured goods and goods for resale		3.622.337	3.331.809
Inventories		13.145.690	10.477.403
Trade receivables		12.013.894	10.202.356
Contract work in progress		18.284	111.244
Receivables from group enterprises		1.606.401	2.658.324
Other receivables		660.040	267.818
Prepayments		268.387	336.579
Receivables		14.567.006	13.576.321
Cash		6.320	4.126
Current assets		27.719.016	24.057.850
Assets		58.209.591	56.700.289

Balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
Contributed capital		500.000	500.000
Retained earnings		23.732.304	22.440.666
Equity		24.232.304	22.940.666
Deferred tax		981.801	1.064.977
Provisions		981.801	1.064.977
Finance lease liabilities		20.508.621	20.660.918
Non-current liabilities other than provisions	6	20.508.621	20.660.918
Current portion of long-term liabilities other than provisions	6	2.142.834	2.005.000
Trade payables		4.418.632	2.894.723
Payables to group enterprises		1.608.806	3.890.459
Joint taxation contribution payable		447.666	111.692
Other payables		3.868.927	3.131.854
Current liabilities other than provisions		12.486.865	12.033.728
Liabilities other than provisions		32.995.486	32.694.646
Equity and liabilities		58.209.591	56.700.289
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Mortgages and securities	9		
Group relations	10		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500.000	22.440.666	22.940.666
Profit/loss for the year	0	1.291.638	1.291.638
Equity end of year	500.000	23.732.304	24.232.304

Notes

	2016/17	2015/16
	DKK	DKK
1. Staff costs		
Wages and salaries	18.414.248	18.551.512
Pension costs	2.492.438	2.618.410
Other social security costs	411.224	449.742
Other staff costs	424.352	434.368
	21.742.262	22.054.032
Average number of employees	45	47
	2016/17	2015/16
	DKK	DKK
2. Tax on profit/loss for the year		
Tax on current year taxable income	447.666	111.692
Change in deferred tax for the year	(83.176)	(51.018)
Adjustment concerning previous years	0	(6.430)
	364.490	54.244
		Acquired intangible assets DKK
3. Intangible assets		
Cost beginning of year		810.099
Additions		194.957
Cost end of year		1.005.056
Amortisation and impairment losses beginning of year		(612.395)
Amortisation for the year		(99.311)
Amortisation and impairment losses end of year		(711.706)
Carrying amount end of year		293.350

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	39.580.632	24.999	1.345.018
Additions	2.102.650	0	0
Cost end of year	41.683.282	24.999	1.345.018
Depreciation and impairment losses beginning of the year	(9.793.476)	(24.999)	(382.439)
Depreciation for the year	(3.020.658)	0	(134.502)
Depreciation and impairment losses end of the year	(12.814.134)	(24.999)	(516.941)
Carrying amount end of year	28.869.148	0	828.077
Recognised assets not owned by entity	22.010.956	-	-
		Deposits DKK	Other receivables DKK
5. Fixed asset investments			
Cost beginning of year		500.000	1.195.000
Disposals		0	(1.195.000)
Cost end of year		500.000	0
Carrying amount end of year		500.000	0
	Instalments within 12 months 2016/17 DKK	Instalments within 12 months 2015/16 DKK	Instalments beyond 12 months 2016/17 DKK
6. Liabilities other than provisions			
Finance lease liabilities	2.142.834	2.005.000	20.508.621
	2.142.834	2.005.000	20.508.621

Notes

	2016/17	2015/16
	DKK	DKK
7. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	205.000	489.000
Herof liabilities under rental agreements or leases with group enterprises until expiry	1.210.000	3.555.000

Unrecognised rental and lease commitments regards 4 operational lease contracts until 2020 and 1 rental contract with 19 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. Mortgages and securities

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 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.

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.

Accounting policies

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

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.

Inventories

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

Accounting policies

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.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.