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LBH International A/S

Kohaven 9, 5300 Kerteminde
CVR No. 84890715

Annual report 01.10.2018 - 30.09.2019

The Annual General Meeting adopted the annual report on 12.02.2020

Rune Lindholm Skræp-Hansen
Conductor

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Entity details

Entity

LBH International A/S

Kohaven 9

5300 Kerteminde

CVR No.: 84890715

Registered office: Kerteminde

Financial year: 01.10.2018 - 30.09.2019

URL: www.lbhint.com

Board of Directors

Muthukumar Sunder Rajan, Chairman of the board
Susanne Skov Hansen
Rune Lindholm Skræp-Hansen
Lars Holmstrøm Rønnemose
Neo Teck Kwee

Executive Board

Rune Lindholm Skræp-Hansen, Ceo

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
P. O. Box 10
5100 Odense

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of LBH International A/S for the financial year 01.10.2018 - 30.09.2019.

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 30.09.2019 and of the results of its operations for the financial year 01.10.2018 - 30.09.2019.

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.

Kerteminde, 12.02.2020

Executive Board

Rune Lindholm Skræp-Hansen
Ceo

Board of Directors

Muthukumar Sunder Rajan
Chairman of the board

Susanne Skov Hansen

Rune Lindholm Skræp-Hansen

Lars Holmstrøm Rønnemose

Neo Teck Kwee

Independent auditor's report

To the shareholders of LBH International A/S

Opinion

We have audited the financial statements of LBH International A/S for the financial year 01.10.2018 - 30.09.2019, 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 30.09.2019 and of the results of its operations for the financial year 01.10.2018 - 30.09.2019 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:

- 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.

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.

Odense, 12.02.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No.: 33963556

Heino Hyllested Tholsgaard
State Authorised Public Accountant
Identification No (MNE) 34511

Management commentary

Primary activities

As in earlier years the company's primary activity comprises production and sale of compensators etc.

Description of material changes in activities and finances

The company's performance and financial development in the financial year of 2018/19 has been as expected.

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 2018/19

	Notes	2018/19 DKK	2017/18 DKK
Gross profit/loss		**14,633,617**	**13,373,829**
Staff costs	1	(12,832,442)	(12,517,198)
Depreciation, amortisation and impairment losses	2	(774,666)	(842,264)
Operating profit/loss		**1,026,509**	**14,367**
Income from investments in group enterprises		0	575,000
Other financial income	3	177	20,485
Other financial expenses		(768,752)	(728,633)
Profit/loss before tax		**257,934**	**(118,781)**
Tax on profit/loss for the year	4	(50,156)	145,197
Profit/loss for the year		**207,778**	**26,416**
Proposed distribution of profit and loss			
Retained earnings		207,778	26,416
Proposed distribution of profit and loss		**207,778**	**26,416**

Balance sheet at 30.09.2019

Assets

	Notes	2018/19 DKK	2017/18 DKK
Acquired intangible assets		228,427	274,113
Goodwill		32,083	87,083
Intangible assets	5	**260,510**	**361,196**
Land and buildings		3,815,146	3,982,189
Other fixtures and fittings, tools and equipment		1,301,679	1,787,841
Property, plant and equipment	6	**5,116,825**	**5,770,030**
Investments in group enterprises		2,241,187	2,241,187
Investments in associates		2,467,315	2,467,315
Other financial assets	7	**4,708,502**	**4,708,502**
Fixed assets		**10,085,837**	**10,839,728**
Raw materials and consumables		1,704,438	1,888,912
Manufactured goods and goods for resale		1,094,694	482,443
Inventories		**2,799,132**	**2,371,355**
Trade receivables		1,953,568	3,108,932
Contract work in progress	8	2,693,599	249,382
Receivables from group enterprises		350,539	709,259
Receivables from associates		43,184	33,075
Deferred tax	9	1,050,041	1,100,197
Other receivables		1,239,623	2,232,517
Income tax receivable		15,000	15,000
Prepayments		376,015	314,882
Receivables		**7,721,569**	**7,763,244**
Cash		**496,838**	**22,921**
Current assets		**11,017,539**	**10,157,520**
Assets		**21,103,376**	**20,997,248**

Equity and liabilities

	Notes	2018/19 DKK	2017/18 DKK
Contributed capital	10	856,000	856,000
Retained earnings		6,037,271	5,829,493
Equity		**6,893,271**	**6,685,493**
Mortgage debt		2,027,354	2,153,377
Bank loans		856,362	2,074,001
Finance lease liabilities		160,023	349,532
Debt to other credit institutions		0	40,212
Non-current liabilities other than provisions	11	**3,043,739**	**4,617,122**
Current portion of non-current liabilities other than provisions	11	1,057,289	1,008,562
Bank loans		2,963,817	2,716,923
Prepayments received from customers		350,684	288,900
Trade payables		4,145,961	2,623,191
Payables to group enterprises		229,154	0
Other payables		2,419,461	3,057,057
Current liabilities other than provisions		**11,166,366**	**9,694,633**
Liabilities other than provisions		**14,210,105**	**14,311,755**
Equity and liabilities		**21,103,376**	**20,997,248**
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Assets charged and collateral	14		

Statement of changes in equity for 2018/19

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	856,000	5,829,493	6,685,493
Profit/loss for the year	0	207,778	207,778
Equity end of year	**856,000**	**6,037,271**	**6,893,271**

Notes

1 Staff costs

	2018/19 DKK	2017/18 DKK
Wages and salaries	11,077,090	11,001,087
Pension costs	1,515,473	1,306,338
Other social security costs	239,879	209,773
	12,832,442	**12,517,198**

Average number of full-time employees	**25**	**27**

2 Depreciation, amortisation and impairment losses

	2018/19 DKK	2017/18 DKK
Amortisation of intangible assets	100,686	100,686
Depreciation of property, plant and equipment	673,980	741,578
	774,666	**842,264**

3 Other financial income

	2018/19 DKK	2017/18 DKK
Financial income from group enterprises	0	6,919
Other interest income	177	13,566
	177	**20,485**

4 Tax on profit/loss for the year

	2018/19 DKK	2017/18 DKK
Change in deferred tax	50,156	(145,197)
	50,156	**(145,197)**

5 Intangible assets

	Acquired intangible assets DKK	Goodwill DKK
Cost beginning of year	456,857	336,875
Cost end of year	**456,857**	**336,875**
Amortisation and impairment losses beginning of year	(182,744)	(249,792)
Amortisation for the year	(45,686)	(55,000)
Amortisation and impairment losses end of year	**(228,430)**	**(304,792)**
Carrying amount end of year	**228,427**	**32,083**

6 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	8,147,194	7,558,007
Additions	0	20,775
Cost end of year	**8,147,194**	**7,578,782**
Depreciation and impairment losses beginning of year	(4,165,005)	(5,770,166)
Depreciation for the year	(167,043)	(506,937)
Depreciation and impairment losses end of year	**(4,332,048)**	**(6,277,103)**
Carrying amount end of year	**3,815,146**	**1,301,679**
Recognised assets not owned by entity	0	401,790

7 Financial assets

	Investments in group enterprises DKK	Investments in associates DKK
Cost beginning of year	2,343,649	2,467,315
Cost end of year	**2,343,649**	**2,467,315**
Impairment losses beginning of year	(102,462)	0
Impairment losses end of year	**(102,462)**	**0**
Carrying amount end of year	**2,241,187**	**2,467,315**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
LBH Technology Singapore Pte Ltd.	Singapore	Ltd.	100,0
LBH Nordic Compensators AS	Norge	AS	100,0

Investments in associates	Registered in	Corporate form	Equity interest %
LBH Expansion Joints India Ltd.	Indien (India)	Ltd.	40,0

8 Contract work in progress

	2018/19 DKK	2017/18 DKK
Contract work in progress	2,872,616	326,424
Progress billings regarding contract work in progress	(179,017)	(77,042)
	2,693,599	**249,382**

Recognition of work in progress in the balance sheet:		
Contract work in progress under assets	2,693,599	249,382
Contract work in progress under liabilities	0	0

9 Deferred tax

	2018/19 DKK	2017/18 DKK
Intangible assets	(46,725)	(72,135)
Property, plant and equipment	(359,896)	(376,140)
Financial assets	(11,462)	(19,451)
Other investments	(209,700)	(36,085)
Provisions	10,548	10,616
Tax losses carried forward	1,667,276	1,593,392
Deferred tax	**1,050,041**	**1,100,197**

The valuation of the deferred tax on tax losses carried forward of 7,6 m.DKK is based on the budget for 2019/20 and estimates for the next 4 years. The management expect to carry out these plans which supports the valuation.

10 Share capital

	Number	Par value DKK	Nominal value DKK
Ordinære aktier	856,000	1	856,000
	856,000		**856,000**

11 Non-current liabilities other than provisions

	Due within 12 months 2018/19 DKK	Due within 12 months 2017/18 DKK	Due after more than 12 months 2018/19 DKK	Outstanding after 5 years 2018/19 DKK
Mortgage debt	126,022	124,395	2,027,354	1,506,444
Bank loans	704,686	659,555	856,362	0
Finance lease liabilities	189,668	191,376	160,023	0
Debt to other credit institutions	36,913	33,236	0	0
	1,057,289	**1,008,562**	**3,043,739**	**1,506,444**

12 Unrecognised rental and lease commitments

The entity has entered agreements for leasing cars with an annual obligation of DKK 181k expiring in 2020.

13 Contingent liabilities

Vehicles purchased with retention of title until the outstanding debt has been paid, have an outstanding debt of DKK 37k. The carrying amount of such vehicles is DKK 86k.

Warranty commitments at the balance sheet date amount to DKK 2,057k.

14 Assets charged and collateral

Bank debt are secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor in the nominal amount of DKK 4,858k.

Bank loans regarding vehicles are secured by way of a deposited mortgage deed registered to the mortgagor in the nominal amount of DKK 375k.

The carrying amount of mortgaged properties is DKK 3,815k and the carrying amount of mortgaged plant is DKK 1,215k.

The balance with Nykredit Bank A/S is secured by way of a letter of indemnity for DKK 5,000k nominal with a company charge according to section 47c, Danish Land Registration Act on the Entity´s inventories, operating fixtures and equipment and the intellectual property rights.

Bank debt are secured by way of mortgage on investments in associates with a carrying amount of DKK 2,467k.

Trade receivables of DKK 1,954k have been provided as security for borrowing against receivables.

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.

Consolidated financial statements
Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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. Property, 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, 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 state-ment 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.

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).

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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, and 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.

Income from investments in group enterprises
Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on 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 interest expenses on payables to group enterprises, net capital losses on 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.

Balance sheet

Goodwill
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Manage-ment for each business area. Useful life is deter-mined based on an assessment of

whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of good-will includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 6 to 7 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

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

Property, plant and equipment
Land and buildings as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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. Straightline depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-15 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.

Investments in group enterprises
Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in associates
Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories are measured at the lower of cost us-ing the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

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

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

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

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the bal-ance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Deferred tax
Deferred tax is recognised on all temporary differ-ences between the carrying amount and tax-based value of assets and liabilities, for which the taxbased 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.

Income tax payable or receivable
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.

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

Cash
Cash comprises cash in hand and bank deposits.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable

amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.