

Bramming Plast-Industri A/S

Vardevej 9, DK-6740 Bramming

CVR no. 78 70 91 11

Annual report 2018

Approved at the Company's annual general meeting on 22 March 2019

Chairman:


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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Bramming Plast-Industri A/S for the financial year 1 January - 31 December 2018.

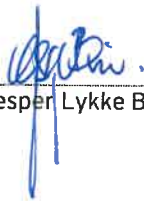
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2018 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the parent company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Bramming, 22 March 2019
Executive Board:



Jesper Lykke Brix




Per Aas Jensen



Hans Peter Vejs-Petersen

Board of Directors:



Kurt Bering Sørensen
Chairman



Thomas Hougaard Bonde



Henrik Vestergaard
Jørgensen

Independent auditors' report

To the shareholders of Bramming Plast-Industri A/S

Opinion

We have audited the financial statements of Bramming Plast-Industri A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including 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 financial position of the Company at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

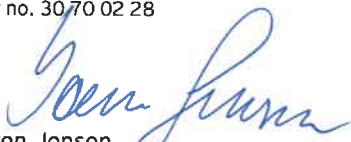
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 22 March 2019

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 3070 02 28



Søren Jensen
State Authorised
Public Accountant
mne32733

Management's review

Company details

Name	Bramming Plast-Industri A/S
Address, postal code/city	Vardevej 9, DK-6740 Bramming
CVR no.:	78 70 91 11
Established:	2 September 1985
Registered office:	Esbjerg
Financial year:	1 January - 31 December
Website:	www.bpi.dk
Telephone	+45 79 57 10 00
Board of Directors	Kurt Bering Sørensen, Chairman Thomas Hougaard Bonde Henrik Vestergaard Jørgensen
Executive Board	Jesper Lykke Brix, CEO Per Aas Jensen, CFO Hans Peter Vejs-Petersen, COO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33, DK-6700 Esbjerg

Management's review

Financial highlights for the Group

DKK'000	2018	2017	2016	2015	2014
Key figures					
Revenue	304,910	282,452	257,866	248,121	239,316
Gross profit	79,781	64,836	71,033	72,520	66,707
EBITDA	31,253	17,743	24,466	27,410	22,619
Ordinary operating profit	17,357	3,511	13,850	17,069	11,436
Financial income and expenses	-2,487	-2,116	-2,896	-3,421	-4,119
Profit for the year	11,066	2,230	8,547	11,135	6,437
Balance sheet					
Total assets	176,047	184,895	175,588	164,915	162,346
Capex in property, plant and equipment	9,206	9,860	14,621	9,522	4,598
Equity	66,087	61,927	63,577	56,320	52,168
Financial ratios					
Operating margin	5.7 %	1.2%	5.4 %	6.9 %	4.8 %
Return on invested capital	9.6 %	1.9%	8.1 %	10.4 %	6.7 %
Return on equity	18.6 %	3.6%	14.3 %	20.5 %	12.1 %
Other					
Average number of full-time employees	491	486	474	427	413

For terms and definitions, please see the accounting policies (page 21).

Management's review

Principal activities of the Group

As in previous years, the principal activities comprise the processing and production of foam related products. Production takes place in the parent company in Bramming and in the subsidiary in Poland. Sales are handled by the sales department in Denmark.

Unusual circumstances affecting the financial statements

No unusual circumstances occurred in the year under review.

Development in activities and financial matters

The Group realised increasing revenue of DKK 304,910 thousand and a gross profit of DKK 79,781 thousand. The Group's income statement for 2018 showed a profit of DKK 11,066 thousand, and the Group's balance sheet at 31 December 2018 showed equity of DKK 66,087 thousand. Development in revenue and earnings are positive as expected. Management finds results for the year satisfactory.

Particular risks

Business risks:

Management's assessment is that, the Group is not exposed to particular risks apart from those generally occurring in this line of business.

Financial risks:

Due to its operations, investments and financing, the Group is exposed to changes in exchange rates and interest rates. The parent company manages the Group's financial risks centrally and coordinates the Group's cash management, including new funding and placement of excess liquidity.

At 31 December 2018, the Group's net interest-bearing debt constituted a total of DKK 69,710 thousand (2017: DKK 81,396 thousand), which is assessed to be a reasonable level compared to the actual need for financial flexibility.

Research and development activities

The Group carries on development activities on an ongoing basis regarding both new as well as existing products.

Statutory report on corporate social responsibility

Within corporate social responsibility, the Group among other areas focus on human rights, Code of Conduct, working environment and impact on the external environment.

Human rights

BPI supports and respects the Universal Declaration of Human Rights and promotes human rights standards internally and throughout all business.

Equal opportunities for all employees irrespective of gender or ethnicity continue to be part of our HR-philosophy and humanity attitude.

We hire, remunerate and promote employees on the basis of skills, competences and performance - not according to gender, religion nor race.

Our Code of Conduct with thorough description of main areas within human rights, labour and environment, a.o. The Code of Conduct is to a large extent based on The Ten Principles of the UN Global Compact and is implemented widely in the organisation and our factories, as well as with our sub-suppliers in the second stage.

Management's review

We have reaffirmed our support of The Ten Principles of the UN Global Compact and submitted our annual Communication on Progress for the year 2018, where we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

External environment

The Company engages in targeted and systematic efforts to continuously protect in the environment through energy and material optimization, pollution prevention, waste minimization and environmental management.

For Statutory Statement on Corporate Social Responsibility for the financial year 1 January - 31 December 2018, cf. section 99a in the Danish Financial Statement Act, please see the 2018 CoP report on <http://www.bpi.dk/en/sustainable-quality/#certifikater>. The report covers the time period 1 January - 31 December 2018. Code of conduct and CSR policy are also available on www.bpi.dk.

Gender quotation on the Management Board

Bramming Plast-Industri A/S believes that diversity among its employees, including equal gender quotation, contributes positively to the working environment and strengthens the enterprise's culture and competitiveness.

In 2018, the gender quotation among the Company's board members elected by the general meeting was: 0 women and 3 men. According to legislation on the gender quotation on the Management Board in Danish enterprises, the Company has set a target that board members elected by the general meeting are at least to account for 20 % of the underrepresented gender at the ordinary general meeting in 2021 at the latest. The number of board members have not changed in 2018. The company seek to increase the percentage of the underrepresented gender in connection with election of new board members with nomination of board members that fits the boards combined competences and taking into account individual qualifications. There have not been election of new board members in 2018.

Bramming Plast-Industri A/S has moreover set a target that other managerial positions comprising the Executive Board, heads of department and department managers are to account for at least 20 % of the underrepresented gender before the end of 2021. When suitable candidates for a manager position are selected for the final round, at least one of the candidates has to be of the opposite gender, if possible.

Women make up 39 % and men 61 % of the Group's employees.

Events after the balance sheet date

No events have occurred after the balance sheet date, which may materially affect the assessment of the Company's financial position.

Outlook

Revenue and earnings in 2019 are expected to exceed the 2018 level.

Ownership

Bramming Plast-Industri A/S' largest shareholder is Blue Equity II K/S, who owns 82 % of the holding company, Bramming Plast-Industri Holding ApS, who owns 100 % of Bramming Plast-Industri A/S and exercises control.

Consolidated financial statements and parent company financial statements 2018

Income statement for the period 1 January - 31 December

Note	DKK'000	Consolidated		Parent Company	
		2018	2017	2018	2017
2	Revenue	304,910	282,452	216,207	216,972
3	Production costs	-225,129	-217,616	-162,919	-170,051
	Gross profit	79,781	64,836	53,288	46,921
3	Distribution costs	-40,961	-40,438	-28,694	-28,795
3	Administrative expenses	-21,463	-20,887	-16,069	-15,770
	Ordinary operating profit	17,357	3,511	8,525	2,356
9	Share of profit after tax in subsidiaries	0	0	4,838	198
4	Financial income	173	1,101	946	832
5	Financial expenses	-2,660	-3,217	-1,806	-2,245
	Profit before tax	14,870	1,395	12,503	1,141
6	Tax on profit for the year	-3,804	835	-1,437	1,089
	Profit for the year	11,066	2,230	11,066	2,230

Consolidated financial statements and parent company financial statements 2018

Balance sheet at 31 December

Note	DKK'000	Consolidated		Parent Company	
		2018	2017	2018	2017
		EQUITY AND LIABILITIES			
		Equity			
10	Share capital	7,000	7,000	7,000	7,000
	Reserve for net revaluation acc. to the equity method	0	0	36,168	32,387
	Reserve for development costs	4,187	4,347	4,187	4,347
	Retained earnings	49,050	44,730	12,882	12,343
	Proposed dividends	5,850	5,850	5,850	5,850
	Total equity	66,087	61,927	66,087	61,927
	Provisions				
11	Provision for deferred tax	8,684	7,184	8,684	7,184
	Total provisions	8,684	7,184	8,684	7,184
	Liabilities other than provisions				
13	Non-current liabilities				
	Mortgage loans	28,977	30,355	28,977	30,355
	Lease obligations	664	547	664	0
		29,641	30,902	29,641	30,355
	Current liabilities other than provisions				
13	Current portion of non-current liabilities	2,571	3,158	2,145	2,864
	Bank loans	39,229	49,237	31,395	40,465
	Trade payables	18,403	18,412	10,286	8,244
	Payables to group enterprises	0	0	19,796	18,621
	Corporation tax payable	375	599	211	418
	Other payables	11,057	13,476	6,211	8,718
		71,635	84,882	70,044	79,330
	Total liabilities other than provisions	101,276	115,784	99,685	109,685
	TOTAL EQUITY AND LIABILITIES	176,047	184,895	174,456	178,796

- 1 Accounting policies
- 14 Mortgages and collateral
- 15 Contractual obligations and contingencies, etc.
- 16 Fees paid to auditors appointed at the annual general meeting
- 17 Appropriation of profit
- 18 Related party disclosures

Consolidated financial statements and parent company financial statements 2018

Statement of changes in equity at 31 December

DKK'000	Consolidated				
	Share capital	Retained earnings	Reserve for development costs	Proposed dividends	Total
Equity at 1 January 2018	7,000	44,730	4,347	5,850	61,927
Distributed dividends	0	0	0	-5,850	-5,850
Foreign exchange adjustment	0	-1,056	0	0	-1,056
Profit for the year	0	5,376	-160	5,850	11,066
Equity at 31 December 2018	7,000	49,050	4,187	5,850	66,087

DKK'000	Parent Company					
	Share capital	Retained earnings	Reserve for development costs	Net revaluation acc. to the equity method	Proposed dividends	Total
Equity at 1 January 2018	7,000	12,343	4,347	32,387	5,850	61,927
Distributed dividends	0	0	0	0	-5,850	-5,850
Foreign exchange adjustment	0	0	0	-1,056	0	-1,056
Profit for the year, see profit appropriation (note 17)	0	539	-160	4,837	5,850	11,066
Equity at 31 December 2018	7,000	12,882	4,187	36,168	5,850	66,087

Consolidated financial statements and parent company financial statements 2018

Cash flow statement at 31 December

DKK'000	Consolidated	
	2018	2017
Operating profit for the year	17,357	3,511
Depreciation, amortisation and impairment losses	13,896	12,232
Current tax on profit for the year	-1,302	1,434
Deferred tax for the year	1,836	-1,494
	31,787	15,683
Change in inventories	824	-4,323
Change in receivables	3,617	-1,936
Change in trade and other payables	-2,410	3,742
Cash generated from operating profit before financial income and expenses	33,818	13,166
Interest received, etc.	173	1,101
Interest paid, etc.	-2,660	-3,217
Cash flows from operating activities	31,331	11,050
Acquisition of intangible assets	-2,467	-1,422
Acquisition of property, plant and equipment	-9,206	-9,860
Sales of property, plant and equipment	280	0
Cash flows from investing activities	-11,393	-11,282
Distributed dividends	-5,850	-5,850
Repayment of bank loans	-1,848	-23,385
Cash flows from financing activities	-7,698	-29,235
Cash flows for the year	12,240	-29,467
Cash and cash equivalents at 1 January	-47,336	-17,459
Foreign exchange adjustment	-2,341	-410
Cash and cash equivalents at 31 December	-37,437	-47,336
Cash and cash equivalents, cash flow statement		
Cash and cash equivalents according to the balance sheet	1,792	1,901
Short-term debt to banks	-39,229	-49,237
	-37,437	-47,336

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company financial statements.

Consolidated financial statements and parent company financial statements 2018

Notes

1 Accounting policies

The annual report of Bramming Plast-Industri A/S has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as last year

Reporting currency

The financial statements are presented in Danish kroner.

Consolidation

The consolidated financial statements comprise the parent company, Bramming Plast-Industri A/S, and the entities over which the parent company has control. Control is assumed to exist where the parent company, directly or indirectly, owns more than half of the voting rights in a business. Control may also exist via agreement or articles of association or because the parent company in some other way has or actually exercises control in a subsidiary.

The existence and impact of potential voting rights that are actually exercisable or convertible are taken into account when assessing whether control exists.

The financial statements of the consolidated enterprises have been prepared in accordance with the parent company's accounting policies. The consolidated financial statements are prepared based on the consolidated enterprise's financial statements by aggregating similar financial statement items. Intra-group income, expenses, gains, losses, ownership interest, dividends and balances are eliminated. Investments in consolidated enterprises are set off against the proportionate share of the consolidated enterprise's fair value of net assets and liabilities at the acquisition date.

Newly acquired and sold subsidiaries are recognised in the consolidated income statement for the period during which control existed. Comparative figures are not restated for acquisitions or disposals.

For acquisitions of subsidiaries, the purchase method is used. Cost is measured at net present value of the agreed consideration with the addition of directly attributable costs. Conditional payments are recognised at the amount expected to be paid. Identifiable assets and liabilities of the enterprises acquired are recognised at fair value at the acquisition date. Restructuring costs that relate to the enterprise taken over, are recognised provided that the restructuring had been decided at the acquisition date. The tax effect of the restatement of assets and liabilities is taken into consideration. Any remaining difference between cost and the Group's share of fair value of the identifiable assets and liabilities is recognised as goodwill or negative goodwill.

Enterprises over which the Group has control are considered associates. Control is obtained when the Group directly or indirectly holds between 20 % and 50 % of the voting rights or in some other way has or actually exercises control. Associates are recognised in the consolidated financial statements at net asset value.

Foreign currency translation

Transactions denominated in foreign currency are translated into Danish kroner at the exchange rates at the date of the transaction.

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Consolidated financial statements and parent company financial statements 2018

Notes

1 Accounting policies (continued)

Foreign currency translation (continued)

Transactions denominated in foreign currency are translated into Danish kroner at the exchange rates at the date of the transaction.

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at average exchange rates for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with separate foreign subsidiaries which are considered part of the total investment in the subsidiary are taken directly to equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Exchange adjustments of outstanding balances with foreign entities, which constitute an addition to or a deduction from the net investment, are taken directly to equity. Exchange gains and losses on financial instruments held to hedge foreign entities' currency exposures are taken directly to equity.

On the sale of a foreign group enterprise, the accumulated exchange adjustment is recognised in the income statement together with the gain or the loss.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when delivery and transfer of risk have taken place and provided the income can be reliably measured and is expected to be received.

Revenue is measured less all kinds of discounts granted. Moreover, VAT and duties, etc. collected on behalf of third parties are deducted.

Other operating income and expenses

Other operating income comprises items secondary to the principal activities of the Company, including gains or losses on the disposal of non-current assets.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials, consumables, production personnel, rent and leases, and depreciation on production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Consolidated financial statements and parent company financial statements 2018

Notes

1 Accounting policies (continued)

Distribution costs

Selling and distribution costs incurred during the year are recognised as distribution costs. Distribution costs comprise costs related to sales staff, advertising, exhibitions and amortisation of/depreciation on assets that relate to the sale and distribution of the enterprise's goods.

Administrative expenses

Administrative expenses comprise expenses paid in the year for the management and administration of the Company, including expenses related to administrative staff, management, office premises, office expenses and depreciation on assets used in the administration.

Amortisation of intangible assets and depreciation on property, plant and equipment and impairment losses

Depreciation, amortisation and impairment losses comprise amortisation of intangible assets and depreciation on property, plant and equipment and impairment losses.

The estimated useful life of intangible assets is as follows:

Development projects	3-5 years
Intangible assets acquired	3-10 years
Goodwill	10 years

The maximum amortisation period for goodwill is ten years for enterprises with strong market positions and long-term earnings profiles.

Depreciation is provided on a straight-line basis over the expected useful lives of property, plant and equipment. The basis of depreciation is cost less any expected residual value.

The expected useful lives of the assets are:

Buildings	20-40 years
Plant and machinery	5-10 years
Fixtures and fittings, other plant and equipment	3-5 years

Income from investments in group enterprises and associates

The item comprises the proportionate share of the individual subsidiaries' and associates' profits/losses after tax after elimination of intra-group profits/losses and less amortisation/impairment write-down of goodwill and other excess values at the date of acquisition.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Taxation

Tax on profit/loss for the year comprises current tax on the expected taxable income for the year and adjustments for the year of deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Consolidated financial statements and parent company financial statements 2018

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Other intangible assets comprise development projects and other acquired rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development projects are recognised as assets provided that they are clearly defined and identifiable and that the below recognition criteria are observed:

- ▶ the technical feasibility of completing the project is evidenced,
- ▶ it is the intention to produce, market or to use the product or the process,
- ▶ the availability of adequate technical and financial resources and ability to complete the development project and to use or sell it,
- ▶ it is probable that the project will result in future economic benefits and that a potential future market or possibilities of using the project internally in the Company are evidenced, and
- ▶ the cost can be reliably measured.

Development costs that do not qualify for capitalisation, are recognised as cost in the income statement as incurred.

Development costs are measured at direct costs and a portion of the costs that can be related indirectly to the individual development projects.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The cost of self-constructed non-current assets includes payroll costs and the cost of materials, etc. directly used in the construction process and a portion of production overheads.

Impairment of non-current assets

Intangible assets and property, plant and equipment as well as investments in subsidiaries and associates are assessed annually for indications of impairment. When there is an indication of impairment, each asset or group of assets generating independent cash-flows is impaired. The recoverable amount of the asset is calculated as the value in use and the net sales price (recoverable amount) if this is higher than the carrying amount. Impairment write-down of a group of assets is made to the effect that impairment write-down is initially made on goodwill and subsequently proportionately on the other assets.

Consolidated financial statements and parent company financial statements 2018

Notes

1 Accounting policies (continued)

Investments in group enterprises and associates

Investments in subsidiaries and associates are measured, using the equity method, at the companies' proportionate share of such enterprises' equity plus group goodwill and intra-group losses and less intra-group profits and negative goodwill. Investments in enterprises with negative net asset values are measured at DKK 0 (nil). The enterprise's proportionate share of any negative equity is set off against receivables to the extent the receivable is deemed irrecoverable. Any remaining amounts are recognised under provisions if the parent company has a legal or a constructive obligation to cover the deficit.

Investments acquired or sold during the year are recognised in the financial statements from the date of acquisition or until the time of sale.

Acquisitions are accounted for using the purchase method, see the description of consolidation

Securities and investments are measured at the market value at the balance sheet date if they are listed, or at an approximate fair value if they are not listed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs and other costs directly attributable to the acquisition.

Work in progress and finished goods are measured at manufacturing cost, which includes cost of raw materials, consumables and direct payroll costs plus indirect production overheads.

Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance of and depreciation on intangible assets and property, plant and equipment used in the production process.

Receivables

Receivables are measured at amortised cost, which is usually equivalent to the nominal value. If there is an objective indication that an individual receivable or group of receivables is impaired, write-down is made for bad debt losses. Write-down is made to net realisable value if this is lower than the carrying amount.

Prepayments

Prepayments comprise prepaid expenses regarding subsequent financial years.

Consolidated financial statements and parent company financial statements 2018

Notes

1 Accounting policies (continued)

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under equity.

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised, or if they are no more part of the Company's operations by a transfer directly to distributable reserves under equity.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the expected taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

The Company is jointly taxed with the Danish group enterprises. The Danish corporation tax is allocated between profit/loss-making Danish companies in proportion to their taxable income (full absorption).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the administrative company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the administrative company.

Deferred tax

Deferred tax is provided using the balance sheet liability method of all temporary differences between the carrying amount and the tax value of assets and liabilities, with the exception of temporary differences that arise on the date of acquisition of assets and liabilities that neither affect profit or taxable income, as well as temporary differences relating to goodwill which is not deductible for tax purposes.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same jurisdiction.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including exchange rate losses, are recognised as finance costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

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Notes

1 Accounting policies (continued)

Deferred income

Deferred income comprises payments received concerning income in subsequent financial years.

Cash flow statement

The cash flow statement shows the Group's cash flows for the year, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the Company's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are presented using the indirect method and are stated as the profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid financial expenses and paid income taxes.

Cash flows from investing activities comprise payments related to additions and disposals of non-current assets and securities related to investing activities as well as payments in connection with the acquisition and disposal of enterprises and activities.

Cash flows from financing activities comprise the payment of dividends to shareholder, capital increases and reductions as well as the raising of loans and repayment of interest-bearing debt.

Cash and cash equivalents comprise cash and short-term bank loans as well as short-term securities with insignificant price risks.

Segment information

Information on revenue broken down into business and geographical segments is not disclosed, as such information is deemed to be detrimental to the enterprise as there are only a limited number of providers of the enterprise's products.

Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Profit margin

Ordinary operating profit/loss / revenue x 100

Return on investment

Ordinary operating profit/loss / average assets x 100

Return on equity

Profit/loss for the year / average equity x 100

Consolidated financial statements and parent company financial statements 2018

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2 Revenue

With reference to the Danish Financial Statements Act, section 96, subsection 1, the Company does not state the segmentation on activities and geographical markets of revenue.

DKK'000	Consolidated		Parent Company	
	2018	2017	2018	2017
3 Staff costs				
Wages and salaries	81,049	79,923	49,416	53,236
Pensions	11,725	10,980	5,690	5,964
Other social security costs	2,169	2,161	1,103	1,074
Other staff costs	1,596	1,794	903	1,229
	96,539	94,858	57,112	61,503
Average number of full-time employees	491	486	118	132

Consolidated and Parent Company

Remuneration of the Group's Board of Directors and Executive Board totalled DKK 4,150 thousand (2017: DKK 3,348 thousand), contained in this, remuneration of the Board of Directors amounts to DKK 300 thousand (2017: DKK 300 thousand).

Incentive schemes

Remuneration of the executive staff is partly performance-based.

DKK'000	Consolidated		Parent Company	
	2018	2017	2018	2017
4 Financial income				
Interest income from group enterprises	0	0	773	54
Other interest income	173	241	173	241
Foreign exchange adjustments	0	860	0	537
	173	1,101	946	832
5 Financial expenses				
Other interest expenses	1,728	1,883	1,367	1,478
Foreign exchange adjustments	897	1,297	406	731
Other financial expenses	35	37	33	36
	2,660	3,217	1,806	2,245
6 Tax on profit for the year				
Current tax for the year	1,050	584	-63	0
Adjustment of deferred tax	1,836	-1,494	1,500	-1,164
Adjustment prior year	918	75	0	75
	3,804	-835	1,437	-1,089

Consolidated financial statements and parent company financial statements 2018

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7 Intangible assets

DKK'000	Consolidated			
	Development projects	Intangible assets acquired	Goodwill	Total
Cost at 1 January 2018	10,679	8,195	3,959	22,833
Foreign exchange adjustment	0	-3	0	- 3
Additions during the year	1,299	1,168	0	2,467
Disposals during the year	0	-1,393	0	-1,393
Cost at 31 December 2018	11,978	7,967	3,959	20,907
Amortisation at 1 January 2018	3,853	6,365	3,959	14,177
Foreign exchange adjustment	0	-3	0	- 3
Amortisation	2,215	1,061	0	3,276
Amortisation on disposals	0	-1,392	0	-1,392
Amortisation at 31 December 2018	6,068	6,031	3,959	13,061
Carrying amount at 31 December 2018	5,910	1,936	0	7,846

DKK'000	Parent Company			
	Development projects	Intangible assets acquired	Goodwill	Total
Cost at 1 January 2018	10,679	8,133	714	19,526
Additions during the year	1,299	1,168	0	2,467
Disposals during the year	0	-1,393	0	-1,393
Cost at 31 December 2018	11,978	7,908	714	20,600
Amortisation losses at 1 January 2018	3,853	6,313	714	10,880
Amortisation	2,215	1,051	0	3,266
Amortisation on disposals	0	-1,392	0	-1,392
Amortisation losses at 31 December 2018	6,068	5,972	714	12,754
Carrying amount at 31 December 2018	5,910	1,936	0	7,846

Consolidated financial statements and parent company financial statements 2018

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8 Property, plant and equipment

DKK'000	Consolidated				Total
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equip.	Property, plant and equipment under const.	
Cost at 1 January 2018	89,095	129,925	4,446	208	223,674
Foreign exchange adjustment	-1,510	-723	0	0	-2,233
Additions	36	9,088	82	0	9,206
Transferred	0	208	0	-208	0
Disposals	0	-2,596	0	0	-2,596
Cost at 31 December 2018	87,621	135,902	4,528	0	228,051
Depreciation at 1 January 2018	29,817	85,895	3,953	0	119,665
Foreign exchange adjustment	-257	-692	0	0	-949
Depreciation	2,062	8,324	234	0	10,620
Depreciation on disposals	0	-2,596	0	0	-2,596
Depreciation at 31 December 2018	31,622	90,931	4,187	0	126,740
Carrying amount at 31 December 2018	55,999	44,971	341	0	101,311
Thereof carrying amount of assets held under finance leases	0	6,307	0	0	6,307

DKK'000	Parent Company			
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equip.	Total
Cost at 1 January 2018	46,188	95,603	4,423	146,214
Additions	36	7,992	82	8,110
Disposals	0	-2,596	-209	-2,805
Cost at 31 December 2018	46,224	100,999	4,296	151,519
Depreciation at 1 January 2018	18,202	61,046	3,933	83,181
Depreciation	1,145	6,360	229	7,734
Depreciation losses on disposals	0	-2,398	-207	-2,605
Depreciation at 31 December 2018	19,347	65,008	3,955	88,310
Carrying amount at 31 December 2018	26,877	35,991	341	63,209
Thereof carrying amount of assets held under finance leases	0	5,378	0	5,378

Consolidated financial statements and parent company financial statements 2018

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DKK'000	Parent Company	
	2018	2017
9 Investments in subsidiaries		
Cost at 1 January	5,624	5,624
Additions	0	0
Disposals	0	0
Cost at 31 December	5,624	5,624
Value adjustments at 1 January	32,387	30,219
Share of profit	4,838	270
Foreign exchange adjustment	-1,057	1,970
Amortisation of goodwill	0	-72
Value adjustments at 31 December	36,168	32,387
Carrying amount at 31 December	41,792	38,011
		Voting rights and ownership
Name and registered office		
BPI Polska Sp. Z o.o., Poland		100 %
Bramming Plast-Industri AB, Sweden		100 %
BPI Foam Polska Sp. Z o.o., Poland		100 %
- BPI Lipiany Sp. Z.o.o., Poland		100 %

10 Share capital

The parent company's share capital is 7,000 shares of DKK 1,000 each

The parent company's share capital totalled DKK 7,000 thousand in the past five years.

11 Deferred tax

DKK'000	Deferred tax liability [-] / tax asset [+]			
	Consolidated		Parent Company	
	2018	2017	2018	2017
Deferred tax at 1 January	-5,742	-7,236	-7,184	-8,348
Adjustment of the deferred tax charge for the year	-1,836	1,494	-1,500	1,164
Adjustment prior year	-918	0	0	0
	-8,496	-5,742	-8,684	-7,184

Deferred tax is recognised in the balance sheet as follows:

Deferred tax assets	188	1,442	0	0
Deferred tax liabilities	-8,684	-7,184	-8,684	-7,184
	-8,496	-5,742	-8,684	-7,184

12 Prepayments

Other prepaid expenses	1,786	751	1,778	751
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Consolidated financial statements and parent company financial statements 2018

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13 Non-currents liabilities

The non-currents liabilities are specified as follows:

DKK'000	Falling due between 1 and 5 years	Falling due after more than 5 years	Total non-current liabilities at 31/12 2018	Current portion of non-current liabilities
Consolidated				
Mortgage loans	6,151	22,826	28,977	1,504
Lease obligations	472	192	664	1,067
	6,623	23,018	29,641	2,571
Parent Company				
Mortgage loans	6,151	22,826	28,977	1,504
Lease obligations	472	192	664	641
	6,623	23,018	29,641	2,145

14 Mortgages and collateral

Consolidated

Mortgages or other collateral in the Group's assets totalling DKK 84,111 thousand have been provided as collateral for the Company's payables to mortgage credit institutions, other credit institutions, creditors and other suppliers. The carrying amount of assets provided as collateral or mortgaged totals DKK 169,384 thousand. Security and the carrying amount are broken down on financial statement items as follows:

Land and buildings with a carrying amount of DKK 55,999 thousand at 31 December 2018 have been provided as collateral for payables to mortgage credit institutions, totalling DKK 31,785 thousand.

Land and buildings with a carrying amount of DKK 55,999 thousand at 31 December 2018 have been provided as collateral for payables to credit institutions, totalling DKK 38,140 thousand.

As security for payables to credit institutions, DKK 69,926 thousand, a company charge of DKK 35,413 thousand has been provided in the Company's assets with a carrying amount of DKK 113,385 thousand at 31 December 2018.

Parent Company

Mortgages or other collateral in the parent company's assets totalling DKK 63,285 thousand have been provided as collateral for the parent company's payables to mortgage credit institutions, other credit institutions, creditors and other suppliers. The carrying amount of assets provided as collateral or mortgaged totals DKK 109,234 thousand. Security and the carrying amount are broken down on financial statement items as follows:

Land and buildings with a carrying amount of DKK 26,877 thousand at 31 December 2018 have been provided as collateral for payables to mortgage credit institutions, totalling DKK 31,785 thousand and subsequent as collateral for payables to credit institutions, totalling DKK 6,500 thousand.

As collateral for liabilities to credit institutions, DKK 31,395 thousand, a company charge of DKK 25,000 thousand has been provided in the parent company's assets with a carrying amount of DKK 109,234 thousand at 31 December 2018.

The parent company has provided a total amount of DKK 63,180 thousand as collateral for payables to credit institutions in the subsidiaries. (2017: DKK 72,350 thousand).

Consolidated financial statements and parent company financial statements 2018

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15 Contractual obligations and contingencies, etc.

Contingent assets

Bramming Plast-Industri A/S is party to a pending legal action against business partners, who have delivered faulty raw materials in 2017. Management have claimed the business partners for loss of operating expenses, additional costs and other direct and indirect costs. It is uncertain when a decision will be made in the case.

Contingent liabilities

Bramming Plast-Industri A/S is party to one pending legal action. In Management's opinion, the outcome of this legal action will not affect the Group's financial position apart from recognised in the balance sheet at 31 December 2018.

Consolidated

The parent company is jointly taxed with its ultimate parent, BPI Finans ApS as the administrative company as well as other Danish group enterprises. Together with the other jointly taxed enterprises in the group, the Company has limited and secondary liability for the payment of corporation taxes for the income years and withholding taxes in the joint taxation unit.

Rent and lease liabilities comprise lease liabilities totalling DKK 371 thousand (2017: DKK 163 thousand) for non-terminable leases with a remaining contract period of one year. Furthermore, the obligation comprises operating leases on vehicles and IT equipment totalling DKK 4,013 thousand (2017: DKK 4,755 thousand) with a remaining contract period of 1-4 years.

Parent Company

The parent company is jointly taxed with its ultimate parent, BPI Finans ApS as the administrative company as well as other Danish group enterprises. Together with the other jointly taxed enterprises in the group, the Company has limited and secondary liability for the payment of corporation taxes for the income years and withholding taxes in the joint taxation unit.

Rent and lease liabilities comprise lease liabilities totalling DKK 371 thousand (2017: DKK 163 thousand) for non-terminable leases with a remaining contract period of one year. Furthermore, the obligation comprises operating leases on vehicles and IT equipment totalling DKK 3,536 thousand (2017: DKK 4,192 thousand) with a remaining contract period of 1-4 years.

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DKK'000	Consolidated		Parent Company	
	2018	2017	2018	2017
16 Fees paid to auditors appointed at the annual general meeting				
Fee relating to the statutory audit	108	200	108	106
Fee for tax advisory services	50	82	50	82
Fee for other assistance	68	56	68	59
	<u>226</u>	<u>338</u>	<u>226</u>	<u>247</u>

DKK'000	Parent Company	
	2018	2017
17 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividends recognised as equity	5,850	5,850
Reserve for development costs	-160	296
Retained earnings	539	-5,405
Reserve for net revaluation according to the equity method	4,837	1,489
	<u>11,066</u>	<u>2,230</u>

18 Related party disclosures

Parent Company

Bramming Plast-Industri A/S' related parties comprise the following:

Related parties exercising control

Related parties	Address/registered office	Basis for exercising control
Parent Company Bramming Plast-Industri Holding ApS	Kolding	Shareholding
Ultimate parent company BPI Finans ApS	Kolding	Shareholding

Information on consolidated financial statements

Parent Company	Address/registered office	Consolidated financial statements are obtainable from
BPI Finans ApS	Birkemose Allé 11 DK-6000 Kolding	The Danish Business Authority

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5 % of the votes or minimum 5 % of the share capital:

Bramming Plast-Industri Holding ApS

Consolidated and parent company

Transactions with group enterprises that are not carried out on an arm's length basis

There have not been any related party transactions not carried out on an arm's length basis.