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MAT DANIA APS
MARKEDSVEJ 21, 9600 AARS
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2018

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 21 March 2019**

George Michael Ruhl

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 11 79 39 91

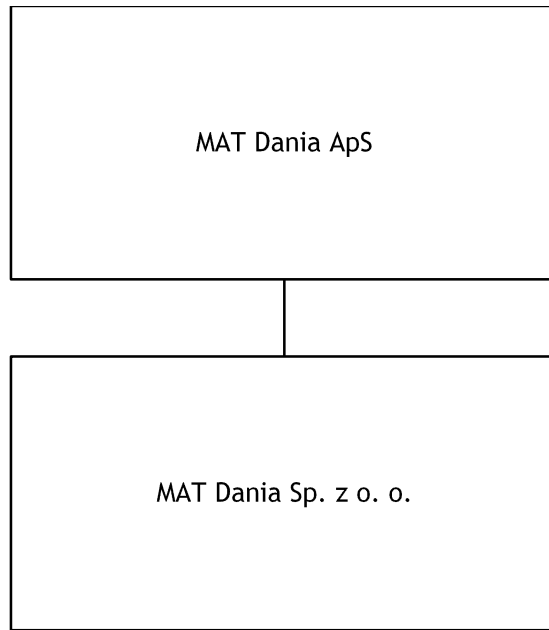
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COMPANY DETAILS

Company	MAT Dania ApS Markedsvej 21 9600 Aars CVR No.: 11 79 39 91 Established: 11 December 1987 Registered Office: Aars Financial Year: 1 January - 31 December
Board of Directors	George Michael Ruhl, chairman Thomas Krosnar Hana Krosnar Jessica Wang Olsson Michael Sanderson, elected by employees Bent Adolf Antonsen, elected by employees
Board of Executives	Jørn Krogager Henriksen
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Nordea Bank Danmark A/S Prinsensgade 15 9000 Aalborg

GROUP STRUCTURE



STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of MAT Dania ApS for the financial year 1 January - 31 December 2018.

The Annual Report is presented 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 Group's and the Company's financial position at 31 December 2018 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2018.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

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

Aars, 20 March 2019

Board of Executives

Jørn Krogager Henriksen

Board of Directors

George Michael Ruhl
Chairman

Thomas Krosnar

Hana Krosnar

Jessica Wang Olsson

Michael Sanderson
Elected by employees

Bent Adolf Antonsen
Elected by employees

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of MAT Dania ApS

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of MAT Dania ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies for both the Group and the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are 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 assets, liabilities and financial position of the Group and the Parent Company's at 31 December 2018 and of the results of the Group and the Parent 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 the 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 Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent 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 Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements.

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

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company 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 Group's and the Parent 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 Consolidated Financial Statements and the Parent Company 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 Group's and the Parent 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 Consolidated Financial Statements and the Parent Company 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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 Management's Review.

Copenhagen, 20 March 2019

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

FINANCIAL HIGHLIGHTS OF THE GROUP

	2018 DKK mill.	2017 DKK mill.	2016 DKK mill.	2015 DKK mill.	2014 DKK mill.
Income statement					
Net revenue.....	342	280	214	230	260
Operating profit/loss.....	7	11	1	-6	6
Financial income and expenses, net.....	-2	1	-1	-2	-5
Profit/loss for the year.....	4	9	-1	-7	1
Balance sheet					
Balance sheet total.....	252	210	174	192	191
Equity.....	111	106	97	98	105
Invested capital.....	196	172	146	102	111
Cash flows					
Cash flows from operating activities.....	11	-9	10	-1	30
Cash flows from investing activities.....	-31	-9	-3	-11	-5
Cash flows from financing activities.....	5	-4	-8	2	-7
Investment in tangible fixed assets.....	31	8	3	11	24
Average number of full-time employees	427	368	307	323	333
Ratios					
Profit margin.....	2,1	3,9	0,6	-2,6	2,3
Rate of return.....	2,7	7,3	-1,0	-7,7	1,1
Solvency ratio.....	43,9	50,5	55,7	51,0	55,0
Return on equity.....	4,1	8,6	-1,0	-6,9	1,5

FINANCIAL HIGHLIGHTS OF THE GROUP

The ratios stated in the list of key figures and ratios have been calculated as follows:

Profit margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$
Rate of return:	$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$
Invested capital:	Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities
Solvency ratio:	$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

The company's main activity is manufacturing and sales of customer specified machine molded iron castings, supplied as raw castings, machined castings or ready for assembly goods.

The components are primarily supplied to the segments; Hydraulics, Commercial Vehicles, and Machine Components.

Development in activities and financial position

Turnover

The foundry activities showed a net increase 18 %, while the machine shop activities increased by 40 %. 65% of the sales were to customers outside Denmark.

The market saw a significant increase in activities driven by existing customers and new customers.

Market Development

The hydraulic market in Europe was strong in 2018. Significant new projects were won in 2017 and 2018 and contribute now positive to the turnover of the company. Especially the machine shop in Poland had strong development in 2018 and will contribute strong to the future development of MAT Dania Group.

MAT Dania supplies mainly to the factories of large international companies in northern Europe. Our customers typically supply their products, including MAT Dania components, to the global market.

Investments

Investments in 2018 was in the level of 30.6 m DKK to be compared with 8.7 m DKK in 2017.

Equity and liquidity

Equity increased by 4.2 m DKK and solidity decreased from 50.5 % to 43.9 %.

Organization and Management

The main strategy for the company is profitable growth, operational savings, and KPI improvements. The strategies also have major focus on improving customer relations.

The organization works systematically with comprehensive improvement and development activities according to specific strategy and business plans.

The average number of employees increased from 368 to 427 for the MAT Dania group.

Environmental situation

MAT Dania has obtained energy ISO standard 50001. The system supporting and guiding the management in order to maintain and optimize the energy consumption in the company.

The company meets the requirements provided in its environmental permit under the Environmental Code §5. A systematic effort is made to define, develop and implement environmental improvement activities specifically focused on energy conversation.

The company submits green accounts in accordance with applicable law.

Knowledge and Core Competencies

MAT Dania mainly sells complex and core intensive castings. The latest technology for casting simulation is used and the company collaborates with external research and development centers. Through the company's management system within quality, environmental and energy control, competencies for various functions are ensured.

Employee Relations

The company is a member of DI and thus follows the principles of labour rights.

MANAGEMENT'S REVIEW

Profit/loss for the year compared to expectations

The group EBITDA was 19.7 m DKK and profit before tax 5 m DKK. The result was influenced by a significant market upturn. However a more tight labor market and a very low unemployment rate in Denmark has resulted in a much higher people turnover rate, more overtime and quality cost.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

Future expectations

There is an expectation the turnover development in 2019, and the years to come will increase with 2-5 % yearly. The focus is a profitable business development.

Overall, the Management of MAT Dania expects to improve the business performance in 2019 compared to 2018.

Corporate social responsibility

The company has social responsibility policies and complying accordingly. Reference is made to home page www.matdania.com/dania/csr-policy/

Target figures and policies for the underrepresented gender

The company focuses on increasing the number of female managers and has established target figures for how many of the underrepresented gender should sit on the board of directors. Further the company has prepared policies to ensure the right composition of gender in the management generally.

Target Figures

The company did meet the objective of having a minimum of 20% female board members at the end of 2018.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent company	
		2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000
NET REVENUE	1	341.691	279.839	339.882	279.511
Cost of sales.....		-173.692	-132.039	-205.807	-154.684
Other external expenses.....	2	-12.394	-11.486	-7.947	-8.220
GROSS PROFIT/LOSS		155.605	136.314	126.128	116.607
Staff costs.....	3	-135.937	-113.526	-116.853	-99.735
Depreciation, amortisation and impairment.....		-12.614	-11.829	-7.505	-7.488
OPERATING PROFIT		7.054	10.959	1.770	9.384
Result of equity investments in group and associat.....		0	0	3.673	1.354
Other financial income.....	4	473	2.168	583	893
Other financial expenses.....		-2.499	-1.556	-1.121	-1.187
PROFIT BEFORE TAX		5.028	11.571	4.905	10.444
Tax on profit/loss for the year.....	5	-544	-2.854	-421	-1.727
PROFIT FOR THE YEAR	6	4.484	8.717	4.484	8.717

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent company	
		2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000
Land and buildings.....		33.951	35.276	33.951	35.276
Production plants and machinery..		65.429	55.122	29.071	24.048
Other plants, machinery, tools and equipment.....		841	865	376	454
Tangible fixed assets in progress and prepayment.....		11.849	2.850	7.968	2.764
Tangible fixed assets.....	7	112.070	94.113	71.366	62.542
Equity investments in group enterprises.....		0	0	12.963	9.528
Fixed asset investments.....	8	0	0	12.963	9.528
FIXED ASSETS.....		112.070	94.113	84.329	72.070
Raw materials and consumables...		7.997	8.237	7.169	7.083
Work in progress.....		8.880	9.336	8.004	7.953
Finished goods and goods for resale.....		25.283	22.358	21.809	20.680
Inventories.....		42.160	39.931	36.982	35.716
Trade receivables.....		89.298	69.850	88.370	69.850
Receivables from group enterprises.....		254	94	2.879	3.171
Other receivables.....		6.496	5.124	2.398	2.617
Receivables corporation tax.....		1.064	1.043	0	0
Receivables.....		97.112	76.111	93.647	75.638
Cash and cash equivalents.....		424	71	71	41
CURRENT ASSETS.....		139.696	116.113	130.700	111.395
ASSETS.....		251.766	210.226	215.029	183.465

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000
Share capital.....		15.500	15.500	15.500	15.500
Retained profit.....		95.014	90.765	95.014	90.765
EQUITY.....		110.514	106.265	110.514	106.265
Deferred tax.....	9	7.857	7.503	7.857	7.503
PROVISION FOR LIABILITIES.....		7.857	7.503	7.857	7.503
Mortgage debt.....		10.857	11.199	5.312	7.375
Lease liabilities.....		6.492	2.877	6.492	2.877
Long-term liabilities.....	10	17.349	14.076	11.804	10.252
Short-term portion of long-term liabilities.....	10	5.758	4.261	3.074	2.524
Bank debt.....		54.896	39.993	33.144	20.413
Trade payables.....		33.963	19.976	26.939	17.159
Payables to group enterprises.....		2.680	269	5.210	2.966
Corporation tax.....		235	273	68	273
Other liabilities.....		18.514	17.610	16.419	16.110
Current liabilities.....		116.046	82.382	84.854	59.445
LIABILITIES.....		133.395	96.458	96.658	69.697
EQUITY AND LIABILITIES.....		251.766	210.226	215.029	183.465
Contingencies etc.	11				
Charges and securities	12				
Related parties	13				

EQUITY

	Group		
	Share capital	Retained profit	Total
Equity at 1 January 2018.....	15.500	90.766	106.266
Foreign exchange adjustments.....		-236	-236
Proposed distribution of profit.....		4.484	4.484
Equity at 31 December 2018.....	15.500	95.014	110.514

	Parent company		
	Share capital	Retained profit	Total
Equity at 1 January 2018.....	15.500	90.766	106.266
Foreign exchange adjustments.....		-236	-236
Proposed distribution of profit.....		4.484	4.484
Equity at 31 December 2018.....	15.500	95.014	110.514

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group		Parent company	
	2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000
Profit/loss for the year.....	4.484	8.717	4.484	8.717
Reversed depreciation of the year.....	12.614	11.829	7.505	7.488
Profit from affiliates.....	0	0	-3.673	-1.354
Reversed tax on profit/loss for the year.....	544	2.854	421	1.727
Corporation tax paid.....	-250	-1.780	-273	-1.683
Change in inventory.....	-2.230	-10.099	-1.265	-9.928
Change in receivables.....	-20.979	-30.125	-18.009	-14.379
Change in current liabilities (ex bank and tax).....	17.305	9.385	12.335	8.508
Other cash flows from operating activities..	-237	468	0	468
CASH FLOWS FROM OPERATING ACTIVITY..	11.251	-8.751	1.525	-436
Purchase of tangible fixed assets.....	-30.571	-8.744	-16.329	-4.413
Sale of tangible fixed assets.....	0	82	0	1.262
CASH FLOWS FROM INVESTING ACTIVITY....	-30.571	-8.662	-16.329	-3.151
New loans.....	9.471	0	4.921	0
Repayments of loans.....	-4.699	-4.311	-2.819	-2.627
CASH FLOWS FROM FINANCING ACTIVITY...	4.772	-4.311	2.102	-2.627
CHANGE IN CASH AND CASH EQUIVALENTS.	-14.548	-21.724	-12.702	-6.214
Cash and cash equivalents at 1. januar.....	-39.922	-18.198	-20.371	-14.159
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	-54.470	-39.922	-33.073	-20.373
Specification of cash and cash equivalents at 31 December:				
Cash and cash equivalents.....	424	0	71	41
Bank debt.....	-54.894	-39.922	-33.144	-20.414
CASH AND CASH EQUIVALENTS, NET DEBT..	-54.470	-39.922	-33.073	-20.373

NOTES

	Group		Parent company		Note
	2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000	
Net revenue					1
Segment details (geography)					
Revenue, Denmark.....	162.915	102.545	162.915	102.545	
Revenue, countries outside Denmark.....	178.776	177.294	176.967	176.967	
	341.691	279.839	339.882	279.512	
Fee to statutory auditors					2
Samlet honorar:					
Specifikation af honorar:					
Statutory audit.....	217	211	198	193	
Other services.....	133	96	98	60	
	350	307	296	253	
Staff costs					3
Average number of employees					
Group: 427 (2017: 368)					
Parent company: 294 (2017: 249)					
Wages and salaries.....	121.548	102.508	105.317	90.683	
Pensions.....	10.689	8.225	7.836	6.276	
Social security costs.....	3.700	2.793	3.700	2.776	
	135.937	113.526	116.853	99.735	
Remuneration of management and board of directors.....	1.622	1.624	1.622	1.624	
	1.622	1.624	1.622	1.624	
Other financial income					4
Group enterprises.....	0	0	110	284	
Other interest income.....	473	2.168	473	609	
	473	2.168	583	893	
Tax on profit/loss for the year					5
Calculated tax on taxable income of the year.....	235	2.073	68	2.073	
Adjustment of tax for previous years.....	0	-117	0	-117	
Adjustment of deferred tax.....	308	898	354	-229	
	543	2.854	422	1.727	

NOTES

	Group		Parent company		Note
	2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000	
Proposed distribution of profit					
Retained earnings.....	4.484	8.717	4.484	8.717	6
	4.484	8.717	4.484	8.717	

Tangible fixed assets

	Group		Note
	Land and buildings	Production plants and machinery	
Cost at 1 January 2018.....	94.020	223.393	
Exchange adjustment.....	0	-1.049	
Additions.....	45	21.857	
Disposals.....	-399	-7.858	
Cost at 31 December 2018.....	93.666	236.343	
Depreciation at 1 January 2016.....	58.744	168.271	
Exchange adjustment.....	0	-329	
Reversal of depreciation of assets disposed of.....	-393	-7.832	
Depreciation for the year.....	1.364	10.804	
Depreciation and impairment losses at 31 December 2018....	59.715	170.914	
Carrying amount at 31 December 2018.....	33.951	65.429	
	Group		
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment	
Cost at 1 January 2018.....	8.008	2.850	
Exchange adjustment.....	-17	-2	
Additions.....	377	9.001	
Cost at 31 December 2018.....	8.368	11.849	
Depreciation and impairment losses at 1 January 2018.....	7.143		
Exchange adjustment.....	-8		
Depreciation for the year.....	391		
Depreciation and impairment losses at 31 December 2018....	7.526		
Carrying amount at 31 December 2018.....	842	11.849	

Recognised assets not owned by the company: DKK ('000) 8,513

NOTES

Note

	Parent company	
	Land and buildings	Production plants and machinery
Cost at 1 January 2018.....	94.020	178.136
Additions.....	45	10.961
Disposals.....	-399	-7.858
Cost at 31 December 2018.....	93.666	181.239
Depreciation at 1 January 2016.....	58.744	154.088
Reversal of depreciation of assets disposed of.....	-393	-7.832
Depreciation for the year.....	1.364	5.912
Depreciation and impairment losses at 31 December 2018....	59.715	152.168
Carrying amount at 31 December 2018.....	33.951	29.071

	Parent company	
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2018.....	7.260	2.764
Additions.....	120	5.204
Cost at 31 December 2018.....	7.380	7.968
Depreciation and impairment losses at 1 January 2018.....	6.806	
Depreciation for the year.....	198	
Depreciation and impairment losses at 31 December 2018....	7.004	
Carrying amount at 31 December 2018.....	376	7.968

Recognised assets not owned by the company: DKK ('000) 3,689

Fixed asset investments

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	Group
	Equity investments in group enterprises
Cost at 1 January 2018.....	20.498
Exchange adjustment.....	-475
Cost at 31 December 2018.....	20.023
Write-down and amortisation of goodwill at 1 January 2017.....	10.970
Exchange adjustment.....	-238
Write-up for the year.....	-3.673
Write-down and amortisation of goodwill at 31 December 2017.....	7.059
Carrying amount at 31 December 2018.....	12.964

NOTES

Note

Investments in subsidiaries (DKK '000)

Name and registered office	Equity	Profit/loss for the year	Ownership
MAT Dania Sp. z o. o., ul. Jana Pawla, nr II 26, 05-250 Slupno.....	12.963	3.673	100 %

Deferred tax assets

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Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

Deferred tax at 1 January 2017.....	7.503	7.732	7.503	7.732
Deferred tax for the year.....	354	-229	354	-229
Deferred tax for the year.....	7.857	7.503	7.857	7.503

Long-term liabilities

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	Group				
	31/12 2018 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2017 total liabilities	Repayment 2018
Mortgage debt.....	7.377	2.065	821	9.460	2.083
Bank loan.....	8.229	2.684	0	5.561	1.880
Lease liabilities.....	7.501	1.009	1.733	3.316	736
	23.107	5.758	2.554	18.337	4.699
	Parent company				
	31/12 2018 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2017 total liabilities	Repayment 2018
Mortgage debt.....	7.377	2.065	821	9.460	2.083
Lease liabilities.....	7.501	1.009	1.733	3.316	736
	14.878	3.074	2.554	12.776	2.819

NOTES**Note****Contingencies etc.**

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Contingent liabilities

The company is with approx. 1,100 other Danish companies party to a pending case against Dong (ex Elsam), as the Competition Appeals Tribunal is convicted of abuse of market power in determining the settlement price of electricity. DONG has appealed the decision to the Maritime and Commercial court. Of the total requirement of 4.4 billion. DKK represents the Company's share DKK 12.1 million.

Operating Lease:

The Company has entered into operating leases with an average annual lease payment of DKK ('000) 227 leases have a remaining maturity of up to 20 months and a total remaining lease payments DKK ('000) 195.

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Charges and securities

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Mortgages

For the safety of mortgage debt og DKK ('000) 7,377 is pledged to DKK ('000) 56,500 in land and buildings which is booked at DKK ('000) 35,309 and other fixed assets booked at DKK ('000) 27,545.

The company has pledged DKK ('000) 27,000 for concerns with the bank that pledge in the following assets:

Simple claims

Inventory

Unregistered vehicles

Other machinery, tools and equipment etc.

Goodwill etc.

Related parties

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The Company's related parties include the following:

The Controlling interest

Eurac Ltd.

16 Mannings Heath Road

Poole, BH12 4NJ

Transactions with related parties

The company did not carry out any substantial transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

ACCOUNTING POLICIES

The Annual Report of MAT Dania ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large enterprise.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated financial statements

The consolidated financial statements include the parent company MAT Dania ApS and its subsidiaries in which MAT Dania ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipment.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

Positive differences between acquisition value and market value of acquired and identified assets and liabilities are recognised in intangible fixed assets as goodwill and amortised systematically in the Income Statement under an individual assessment of the useful life. Negative differences are recognised in the Income Statement upon acquisition. Differences from acquired enterprises amounts to DKK ('000) 0.

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

INCOME STATEMENT

Net revenue

The net revenue from sale of finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenues is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

ACCOUNTING POLICIES

Other external costs

Other external costs include costs relating to distribution, sale, advertising, administration, premises and similar expenses.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company’s employees. Repayments from public authorities are deducted from staff costs.

Investments in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that can be attributed to the profit for the year, and is recognised directly in the equity by the portion that can be attributed to entries directly to the equity.

The company is jointly taxed with Roulunds Braking ApS. The current Danish corporation tax is distributed between the jointly taxed Danish companies in proportion to their taxable income, and with full distribution with refund regarding taxable losses. The jointly taxed companies are included in the tax-on-account scheme.

BALANCE SHEET

Tangible fixed assets

Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. No depreciation is provided on land.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	10-40 years	0%
Production plant and machinery.....	5-15 years	0%
Other plant, fixtures and equipment.....	3-5 years	0%
Leased other assets.....	10 years	0%

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

ACCOUNTING POLICIES

Decrease in value of fixed assets

The book value of tangible fixed assets are assessed annually for indications of impairment beyond what is expressed through depreciation.

If there are indications of impairment, and impairment test of each asset or group of assets is carried out. The assets are written down to their recoverable amounts if this is lower than the book value.

The recoverable amount is the higher of fair value less costs to sell and capitalised value. the capitalised value is calculated as the present value of expected net cash flows from the use of the asset or asset group.

Lease contracts

Lease contracts relating to tangible fixed assets

where the company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company's other tangible fixed assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability and the interest portion of the lease payment is recognised in the income statement over the term of the contract.

Fixed asset investments

Investments in subsidiaries are measured in the parent company's balance sheet under the equity method.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated in accordance with the acquisition method.

Net revaluation of investments in subsidiary enterprises is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value. The acquisition method is used on purchase of subsidiary enterprises, see description above under consolidated financial statement.

Subsidiary enterprises with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the parent company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds accounts receivable, the residual amount is recognised under provision for liabilities to the extent that the parent company's has a legal or actual liability to cover the subsidiary's deficit.

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

ACCOUNTING POLICIES

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Tax payable and deferred tax

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

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Change in deferred tax due to change in the actual tax rate is recognised in the income statement except adjustments on equity.

ACCOUNTING POLICIES

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Mortgage debt is measured at amortised cost which for cash loans is equal to the debt outstanding and for bond loans is equal to the debt outstanding, calculated on the basis of the underlying cash value of the loan at the time of borrowing.

Other liabilities are measured at amortised cost equal to nominal value.

Other liabilities which include debt to suppliers, affiliates and associates and other are measured at amortised cost which usually corresponds to the nominal value.

Accruals recognised as liabilities include payments received regarding income in subsequent years.

The capitalised residual lease liability in finance lease contracts is also recognised as financial liabilities.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Accounts receivables, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and liquid funds.