



DAFA A/S

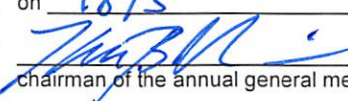
Holmstrupgårdvej 12
DK-8220 Brabrand

CVR no. 17 63 01 80

Annual report 2018

The annual report was presented and approved at the
Company's annual general meeting

on 18/3 20 19


chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of DAFA 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 assets, liabilities and 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 Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

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

Aarhus, 18 March 2019
Executive Board:




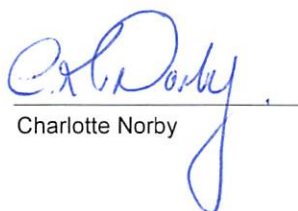
Steen Bødtker
CEO

Board of Directors:



Lars Dige Knudsen
Chairman

Jan Ellegaard

Jacob Norby

Charlotte Norby



Independent auditor's report

To the shareholder of DAFA A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of DAFA A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and 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 Group's and the Parent Company's assets, liabilities and 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 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and 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.



Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these consolidated financial statements and parent company financial statements.

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

- identify and assess the risks of material misstatement of the 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 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements or 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 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 consolidated financial statements and the parent company 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.

Aarhus, 18 March 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Steffen S. Hansen
State Authorised
Public Accountant
mne32737

DAFA A/S
Annual report 2018
CVR no. 17 63 01 80

Management's review

Company details

DAFA A/S
Holmstrupgårdvej 12
DK-8220 Brabrand

Telephone:	+45 87 47 66 66
Website:	www.dafa.dk
E-mail:	dafa@dafa.dk
CVR no.	17 63 01 80
Established:	7 February 1994
Registered office:	Aarhus
Financial year:	1 January – 31 December

Board of Directors

Lars Dige Knudsen
Jan Ellegaard
Jacob Norby
Charlotte Norby

Executive Board

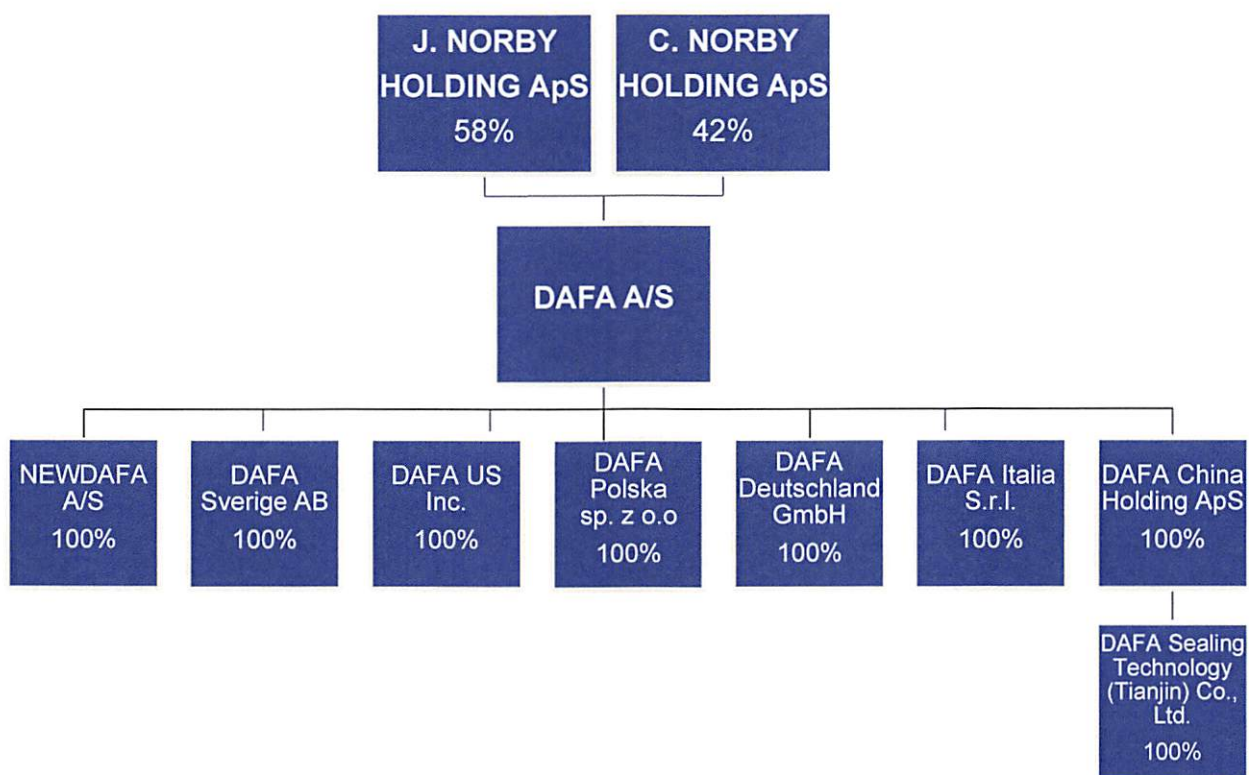
Steen Bødtker

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2018	2017	2016	2015	2014
Revenue	460,980	425,327	360,990	338,346	278,055
Gross profit	167,539	155,363	130,679	111,238	101,290
EBITDA	48,516	31,277	41,818	36,866	30,638
Ordinary operating profit	28,200	12,753	27,355	28,665	22,495
Profit/loss from financial income and expenses	-678	-3,997	-948	841	1,341
Profit for the year	19,947	2,648	21,602	23,238	17,717
Total assets	307,463	318,977	296,965	129,259	110,368
Investments in property, plant and equipment	11,497	10,602	14,029	9,123	9,183
Equity	126,998	109,329	102,102	90,314	77,125
Cash flows from operating activities	56,646	-2,091	38,240	10,841	33,885
Cash flows from investing activities	-11,514	-24,557	-133,783	-9,570	-8,478
Cash flows from financing activities	-13,473	-13,731	38,922	-10,479	-25,351
Total cash flows	31,659	-40,379	-56,621	-9,208	56
Return on invested capital	9.0%	4.1%	12.8%	23.9%	20.0%
Return on equity	16.9%	2.5%	22.5%	27.8%	21.9%
Solvency ratio	41.3%	34.3%	34.4%	69.9%	69.9%
EBITDA%	10.5%	7.4%	11.6%	10.9%	11.0%
Average number of full-time employees	318	315	230	152	152

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
EBITDA%	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$

Management's review

Operating review

Principal activities

DAFA contributes sustainable, long-lasting foam and rubber solutions which seal, absorb and protect. The goal is that customers experience added value by collaborating with DAFA and that they choose DAFA as preferred supplier.

DAFA sells its products to the industrial segment, building segment and the wind segment.

In 2019, DAFA will be celebrating its 80th years anniversary, and DAFA is proud that the solutions are produced and distributed through divisions in Denmark, Poland, Italy, USA and China. In addition, there are sales offices in Sweden and Germany and sales representatives in Norway.

Business model

DAFAs business model is through a global footprint to follow our customers development and requirements by offering high service and quality in sustainable, long-lasting foam and rubber solutions which seal, absorb and protect. We want to grow together with our customers by focusing on close customer relations and development of innovative quality products and solutions.

Development in activities and financial position

After an unsatisfactory year in 2017, the performance is now back at the same level as realized in both 2015 and 2016. The income statement of the Group for 2018 shows a profit of DKK 19.9 million, and at 31 December 2018 the balance sheet of the Group shows equity of DKK 127.0 million.

2018 has been a stabilization year after 2017 was impacted by the integration of DAFA Polska and DAFA Italia into the group. Furthermore, there have been organisational changes during 2018, and both a new Group CEO and Group CFO have been hired in to support the groups future growth strategy. Lastly in December 2018, DAFA China moved and started up production in a new and modern factory to continue the positive development in both output and earnings in the company.

Despite the above mentioned, the overall financial performance shows a considerable improvement in 2018 compared to 2017. Revenue grew by 8.4% compared to 2017. EBIT amounted to DKK 28.2 million in 2018 which is an improvement of DKK 18.0 million compared to 2017. EBT was DKK 27.5 million, which is an improvement of DKK 21.3 million compared to 2017.

Cash flows

Cash flows from operating activities totalled DKK 56.6 million (2017: a negative DKK 2.1 million) which is considered satisfactory. Total investment costs in 2018 reached DKK 11.5 million (2017: DKK 24.6 million).

As of 31 December 2018, net interest-bearing debt was DKK 65.2 million, representing an improvement of DKK 31.7 million on 31 December 2017.

Capital structure

DAFA Group is a consolidated family-owned company with a solvency ratio at 41.3%. The current capital structure and credit facilities provide the flexibility required to fully support the future strategy of the Group.

Management's review

Operating review

Outlook

In 2019, revenue is expected to increase at a range between 5% to 8%, and the profit margin is expected to be at the same level as realized in 2018. The growth expectation is based on the investment initiated in the last couple of years when DAFA Group has moved from having a local footprint to being present with a global footprint to support both existing global key customers as well as to gain new customers and new markets.

Group structure

From 1 January 2019, DAFA A/S will be renamed to DAFA Group A/S, and DAFA Group A/S will act as the holding company for all the legal entities in DAFA Group. A new DAFA A/S company is established, and from 1 January the former DAFA A/S' activities will be transferred to the new DAFA A/S.

Particular risks

In DAFA, risk is a natural part of the way the business is operating. Efficient risk management secure that the risk is revaluated and addressed daily to reduce the risk to a minimum. The Board of Directors have the overall responsibility for DAFA's risk management and for establishing, identifying and controlling the risk. Management has the daily responsibility to follow the overall guidelines and to report to the Board of Directors inside the most important risk areas.

Operating risks

The Group's key operating risks relate to the ability to maintain and develop its position at existing customers while increasing the market share. The Group's global footprint supports thereby the ability to minimise operating risks.

Market risks

Due to a relatively high solvency ratio and with a global presence, the Group is only to a limited extent exposed to major periodic fluctuations in sales.

Currency risks

Due to foreign activities, profit, cash flows and equity are affected by the exchange and interest rate developments for several currencies. It is the Company's currency policy not to hedge the currency risks as most transactions are naturally hedged through purchases and sales in the same currencies.

Interest rate risks

Due to its high solvency ratio and financial resources, the Group is exposed to interest rate changes only to a limited extent.

Credit risks

According to the Group's credit policy, all major customers are rated on a current basis.

Management's review

Operating review

Research and development activities

DAFA continuously develops and improves its products in cooperation with customers. The related costs are charged to the income statement as they are incurred. Resources spent on implementation of new technology are capitalized under the item completed development projects.

Intellectual capital

It is essential for DAFA A/S's continued growth to retain and develop employees; therefore, significant resources are allocated to these efforts.

To ensure competitiveness and efficiency, new technology investments are made continuously alongside continued competence development.

Intellectual capital resources are of great importance to DAFA A/S. In the construction segment, continuous product development is carried out based on knowledge of the market and our customers. In the industry segment, customised quality solutions are developed for which our employees' know-how of materials and possible solutions is a key factor.

Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Statutory declaration of Corporate Social Responsibility in accordance with section 99a of the Danish Financial Statements Act

DAFA conduct all the activities with deep respect for all the stakeholders and constant focus on reducing our environmental impact. Currently, no formal social responsibility policy has been implemented at group level, but in 2010, DAFA acceded to the UN Global Compact, which provides ten principles concerning respect for human rights, labour, environment and anti-corruption. A set of guidelines to ensure that DAFA employees, in cooperation with customers, suppliers, authorities and other stakeholders, create a responsible development of DAFA's business and surroundings. In 2018, DAFA submitted Communication of Progress No. 7 for publication on the website:

www.unglobalcompact.org

In 2018, DAFA Group implemented a code of conduct for DAFA employees and the strategic suppliers to underline that DAFA wants to appear as a responsible and credible partner focusing on ethical, social and environmental matters.

Impacts on environment

DAFA is a responsible group with a strong focus on reducing its environmental impact, and in 2016 the environmental policy was implemented, and once a year Management reviews the targets, actions and results.

Management's review

Operating review

DAFAs environmental policy aims to live in harmony with our surroundings, neighbours as well as the environment. In this connection, and as part of DAFA's ISO 14001:2015 environmental risk assessment, efforts were directed in 2018 at reducing power consumption and on developing products that support sustainability. In 2018 new LED lightning were implemented and new pumps for the production were ordered for replacement beginning of 2019, and the estimated yearly savings are 55 thousand KWH. The 2020 target is specified as 95% of DAFA's Building Materials to be included in the Nordic Ecolabelling database of products that can be part of swan-labelled constructions, and in 2018 further eight new products were swan-labelled. In 2018, DAFA also launched a new building system (Radon) to improve the climate inside buildings.

Strategic supplier must follow ISO 14001, and in case the strategic supplier does not have an ISO 14001 certificate, DAFA performs supplier audit, where the supplier must explain and document their environmental policy. In 2018, six supplier audits were done and all without any remarks.

During 2018, the strategic suppliers have been introduced to DAFA's code of conduct, and to continue as supplier they must confirm that they will follow the policy by signing the code of conduct.

Impact on climate

Climate change is one of the most serious threats facing humanity. DAFA considers ourselves responsible for contribution to fighting the negative impacts on the climate and constantly works towards optimizing our operation. Even though no formal policy has been drawn up regarding impact on climate, it is a goal for the next financial year to comprehensively outline our efforts in this area and draw up a policy.

Anti-corruption and bribery

Bribery and corruption are taken very seriously at DAFA, and such behaviour is not permitted. We have not drawn up any formal policy within anti-corruption and bribery. But in 2018, DAFA Group implemented a code of conduct for DAFA employees and the suppliers to underline that DAFA wants to appear as a responsible and credible partner focusing on ethical business principles which always complies with the laws, regulations and guidelines in the applicable countries in which they operate. By 2019, DAFA is planning as part of the code of conduct to formalise an anti-corruption and bribery policy.

Social and staff matters

DAFA Group cares about its employees, and the employees are the most important assets of the business and its success. Every year, we organize different activities to show appreciation for our employees' efforts and their dedication to DAFA. The Company has safety policy, staff policy and a management guideline in place, and a collaboration committee has been established to improve collaboration across functions, departments and seniority.

In 2018, DAFA Group had a staff turnover above 5%, and the objective is to have a staff turnover below 5% per year. One of the key actions to reach the target is the biyearly people survey where employees are encouraged to share their opinions and suggest improvements in the working environment. The employees' input is an important tool to improve the social and staff matters and to improve job satisfaction. A people survey is planned for 2019, and based on the feedback, Management will initiate a relevant action plan.

Management's review

Operating review

Impact of human rights

DAFA's policy is commitment to people, and it is the foundation of our work with human rights. Human rights are an essential part of the suppliers' and employees' code of conduct, and as part of UN Global Compact, DAFA follows those guidelines. Everyone dissociates oneself from all kinds of forced labour and child labour and respects and complies with applicable national laws and industry standards on working hours. Everyone respects employees' rights to join labour unions of their own choice. All wages and salaries comply with applicable national laws and industry standards. DAFA does not tolerate child labour, and a supplier working together with DAFA must ensure that the supplier does not use child labour that is younger than the minimum age according to national law.

It is also with satisfaction that DAFA can say that we have not at any time experienced any violation of the human rights or evaluated a risk of this about the operation of our business. Furthermore, we have in our code of conduct stated that everyone who is covered by the code of conduct considers and respects internationally recognised conventions on human rights, which is backed-up by supplier audits. Thereby, risk is considered to be low.

Non-financial KPIs

DAFA has focus on non-financial KPIs to track our environmental, social and economic performance within defined KPIs. DAFA Group is planning to implement a global non-financial KPI structure in line with the one we have in the Danish Parent Company. Below is the development in the environmental KPI for DAFA A/S:

Environmental KPI	2015	2016	2017	2018
Total Electricity (Thousands KWH)	801	787	754	753
Total CO2 emissions	162	159	152	152

Statutory statement regarding the underrepresented gender in accordance with the section 99b of the Danish Financial Statements Act

In DAFA, we acknowledge that diversity in management and employees is a strength and as a part of this, equality in gender contributes to the business development. DAFA's target regarding the underrepresented gender is that both genders are to be represented on the Board of Directors, and no one is underrepresented. The target was met in 2006 and has remained representative since then with a representation of the underrepresented gender on the Board of Directors of 25%.

Diversity in other management levels

DAFA is also considering diversity in other management levels than the Board of Directors.

The long-term aim is that the Company reflects the surrounding society and especially the Company's customers, not only in terms of gender, but also in terms of nationality and ethnicity. This reflection of the surrounding society is to contribute to the Company being an attractive choice for customers as well as present and future employees and in this way enabling the Company to achieve its long-term business goals.

The policy of the Company states that both genders are encouraged equally to apply for vacant positions in the Company. Both genders are also guaranteed the same rights and conditions during their employment.

As DAFA strives for an equal gender representation in Management, we acknowledge that women are currently underrepresented. Therefore, in 2018, we have placed special focus on ensuring that women are, where possible, included in the list of candidates for new hires and internal promotions. Moreover, we have in situations where more candidates are assessed to be equally qualified for a position selected the female candidate.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

DKK'000	Note	Group		Parent Company	
		2018	2017	2018	2017
Revenue	2	460,980	425,327	328,724	311,233
Other operating income		226	402	0	194
Cost of sales		-223,190	-203,442	-180,790	-169,639
Other external costs		-70,477	-66,924	-48,040	-48,942
Gross profit		167,539	155,363	99,894	92,846
Staff costs	3	-119,023	-124,086	-75,054	-83,114
Depreciation, amortisation and impairment	4	-20,316	-18,524	-7,515	-7,823
Ordinary operating profit		28,200	12,753	17,325	1,909
Other operating costs		-11	-2,589	0	0
Operating profit		28,189	10,164	17,325	1,909
Income from equity investments in group entities	5	0	0	6,414	4,760
Financial income	6	1,229	1,008	1,990	177
Financial expenses		-1,907	-5,005	-1,985	-4,779
Profit before tax		27,511	6,167	23,744	2,067
Tax on profit for the year	7	-7,564	-3,519	-3,797	581
Profit for the year	8	19,947	2,648	19,947	2,648

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group		Parent Company	
		2018	2017	2018	2017
ASSETS					
Fixed assets					
Intangible assets	9				
Goodwill		51,059	57,845	0	0
Completed development projects		744	1,347	744	1,312
Acquired other similar rights		280	536	71	227
Software		1,961	0	1,961	0
		<u>54,044</u>	<u>59,728</u>	<u>2,776</u>	<u>1,539</u>
Property, plant and equipment	10				
Land and buildings		43,606	45,560	882	901
Plant and machinery		36,078	30,267	18,097	18,128
Fixtures and fittings, tools and equipment		4,409	9,185	2,173	5,513
Leasehold improvements		4,515	1,991	2,080	1,991
Prepayments for property, plant and equipment		860	6,876	0	0
		<u>89,468</u>	<u>93,879</u>	<u>23,232</u>	<u>26,533</u>
Investments					
Equity investments in group entities	5	0	0	148,576	149,809
Other receivables	11	3,266	1,565	1,491	1,491
		<u>3,266</u>	<u>1,565</u>	<u>150,067</u>	<u>151,300</u>
Total fixed assets		<u>146,778</u>	<u>155,172</u>	<u>176,075</u>	<u>179,372</u>

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group		Parent Company	
		2018	2017	2018	2017
ASSETS (continued)					
Current assets					
Inventories					
Raw materials and consumables		22,508	32,565	8,113	11,205
Work in progress		3,491	2,975	2,575	2,145
Finished goods and goods for resale		34,481	32,684	22,304	26,414
Prepayments for goods		0	1,560	0	0
		60,480	69,784	32,992	39,764
Receivables					
Trade receivables		86,672	71,066	46,556	40,990
Receivables from group entities		763	686	28,084	30,936
Other receivables		1,830	3,071	81	435
Corporation tax		0	4,012	0	3,724
Prepayments	12	1,664	1,558	1,379	974
		90,929	80,393	76,100	77,059
Securities and equity investments					
		2,962	3,712	0	0
Cash at bank and in hand					
		6,314	9,916	0	11
Total current assets					
		160,685	163,805	109,092	116,834
TOTAL ASSETS					
		307,463	318,977	285,167	296,206

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group		Parent Company	
		2018	2017	2018	2017
EQUITY AND LIABILITIES					
Equity					
Contributed capital	13	5,000	5,000	5,000	5,000
Reserve for net revaluation according to the equity method		0	0	3,391	5,124
Reserve for development costs		744	1,313	744	1,313
Retained earnings		111,254	103,016	107,863	97,892
Proposed dividends for the financial year		10,000	0	10,000	0
Total equity		126,998	109,329	126,998	109,329
Provisions					
Provisions for deferred tax	14	4,496	4,819	2,450	2,333
Other provisions	15	184	784	0	0
Total provisions		4,680	5,603	2,450	2,333
Liabilities other than provisions					
Non-current liabilities other than provisions					
	16				
Mortgage debt		12,500	25,000	12,500	25,000
Lease obligations		1,235	2,110	0	0
		13,735	27,110	12,500	25,000
Current liabilities other than provisions					
Mortgage debt	16	12,500	12,500	12,500	12,500
Lease obligations	16	766	787	0	0
Credit institutions		74,514	110,525	74,514	110,017
Trade payables		51,326	31,967	36,822	22,523
Payables to group entities		0	0	5,787	0
Corporation tax		4,163	2,277	2,430	0
Other payables		18,781	18,879	11,166	14,504
		162,050	176,935	143,219	159,544
Total liabilities other than provisions		175,785	204,045	155,719	184,544
TOTAL EQUITY AND LIABILITIES		307,463	318,977	285,167	296,206
Fees to auditors	17				
Cont. obligations, collaterals, etc.	18				
Related parties	19				

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

	Group				
DKK'000	Contri- buted capital	Reserve for develop- ment costs	Retained earnings	Proposed dividends	Total
Equity at 1 January 2018	5,000	1,313	103,016	0	109,329
Exchange adjustment	0	0	-2,278	0	-2,278
Transferred from reserve for development costs	0	-569	569	0	0
Transferred over the profit appropriation	0	0	9,947	10,000	19,947
Equity at 31 December 2018	5,000	744	111,254	10,000	126,998

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

DKK'000

Equity at 1 January 2018

Exchange adjustment on investments

Transferred from reserve for development costs

Transferred over the profit appropriation

Equity at 31 December 2018

Parent Company					
Contributed capital	Net revaluation according to the equity method	Reserve for development costs	Retained earnings	Proposed dividends	Total
5,000	5,124	1,313	97,892	0	109,329
0	0	0	-2,278	0	-2,278
0	0	-569	569	0	0
0	-1,733	0	11,680	10,000	19,947
5,000	3,391	744	107,863	10,000	126,998

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	Group	
		2018	2017
Profit for the year		19,947	2,648
Other adjustments of non-cash operating items	20	27,573	25,676
Cash generated from operations before changes in working capital		47,520	28,324
Changes in working capital	21	11,793	-21,735
Cash generated from operations		59,313	6,589
Financial income		1,229	1,008
Financial expenses		-1,907	-5,005
Corporation tax paid		-1,989	-7,271
Cash flows from operating activities		56,646	-4,679
Acquisition of intangible assets		-760	-632
Acquisition of property, plant and equipment		-11,530	-10,602
Disposal of property, plant and equipment		776	2,588
Acquisition of business		0	-13,323
Cash flows from investing activities		-11,514	-21,969
External financing:			
Repayment of long-term debt		-12,500	-12,500
Reduction of lease obligations		-896	-1,231
Repayment of payables to group entities		-77	0
Cash flows from financing activities		-13,473	-13,731
Cash flows for the year		31,659	-40,379
Cash and cash equivalents at the beginning of the year		-96,897	-56,518
Cash and cash equivalents at year end	22	-65,238	-96,897

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of DAFA A/S for 2018 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are consistent with those of last year.

The consolidated and parent company financial statements for 2018 are presented in DKK'000.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, DAFA A/S, and group entities in which the Parent Company directly or indirectly holds more than 50% of the votes or in some other way exercises control over. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates. A group chart is included on page 7.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Equity investments in group entities are set off against the proportionate share of group entities' fair value of net assets and liabilities at the date of acquisition.

Business combinations

Acquisitions

On acquisition of group entities, the difference between cost and net asset value of the entity acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants, etc. directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from entities acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses. Where foreign exchange transactions are considered hedging of future cash flow, the value adjustments are recognised directly in equity.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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

Fixed assets acquired in foreign currencies are measured at the transactions date rates.

Income statement

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The economic benefits relating to the sale will flow to the group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables consumed to achieve revenue for the year.

Other external costs

Other external costs comprise indirect production costs and expenses for premises, costs related to sales, distribution, office, etc.

Staff expenses

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other operating income and costs

Other operating income and costs comprise items secondary to the activities of the Group, including losses on the disposal of intangible assets and property, plant and equipment.

Income from equity investments in group entities

The proportionate share of the individual group entities' profit/loss after tax is recognised in the Group's and the Parent Company's income statements after elimination of a proportionate share of intra-group gains/losses and amortisation of goodwill.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, etc.

Tax on profit/loss for the year

The Group is comprised by the Danish rules on compulsory joint taxation of the Group's Danish group entities. The group entities are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The ultimate parent, J. Norby Holding ApS, is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. Goodwill are amortised on a straight-line basis over the remaining life of the patent, which is 10 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 3 years.

Acquired other similar rights

Acquired other similar rights are measured at cost less accumulated amortisation and impairment losses. Acquired other similar rights are amortised on a straight-line basis over the remaining life of the rights, which is 3-5 years.

Software

Acquired other similar rights are measured at cost less accumulated amortisation and impairment losses. Acquired other similar rights are amortised on a straight-line basis over 3 years.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools 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 on which the asset is available for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	40-50 years
Plant and machinery	5-10 years
Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Investments

Investments in group entities are recognised and measured under the equity method.

The caption "Investments in group entities" in the balance sheet include the proportionate ownership share of the net asset value of the entities calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the entities.

The total net revaluation of investments in group entities is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividends distributed to the Parent Company and adjusted for other equity movements in the group entities.

Group entities with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the entity is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

Goods for resale and raw materials and consumables equals landed cost.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments and deferred income

Prepayments comprise prepaid expenses concerning consumption taxes, licenses, insurance etc.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in group entities in proportion to cost.

Dividends expected to be received before the balance sheet date are not tied to the reserve.

Reserves may be eliminated in connection with loss, realisation of equity investments or changes in accounting estimates.

Reserves cannot be recognised at a negative amount.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established.

The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Extra payments and repayments under the on-account taxation scheme are recognised as an interest expense in the income statement and expenses.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost, substantially corresponding to nominal value.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

2 Segment information

The group has only one activity concerning sale of goods. The group's geographical segments are as follows:

Geographical

DKK'000	Group			Total
	Scandina via	Rest of Europe	Rest of the world	
2018				
Revenue	240,341	150,822	69,817	460,980

DKK'000	Group		Parent Company	
	2018	2017	2018	2017

3 Staff costs and incentive schemes

Wages and salaries	100,681	105,750	65,546	73,222
Pensions	5,249	5,085	4,631	4,739
Other social security costs	7,191	6,620	2,041	1,891
Other staff expenses	5,902	6,631	2,836	3,262
	<u>119,023</u>	<u>124,086</u>	<u>75,054</u>	<u>83,114</u>
Average number of full-time employees	<u>318</u>	<u>315</u>	<u>132</u>	<u>137</u>

Staff costs of the Group and the Parent Company include remuneration of the Parent Company's Executive Board and Board of Directors, DKK 1,663 thousand (2017: DKK 5,183 thousand). No pension was paid as remuneration to the Executive Board and Board of Directors in 2018 and 2017.

4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	8,593	7,632	1,594	862
Depreciation of property, plant and equipment	<u>11,723</u>	<u>10,892</u>	<u>5,921</u>	<u>6,961</u>
	<u>20,316</u>	<u>18,524</u>	<u>7,515</u>	<u>7,823</u>

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

5 Investments

DKK'000	Parent Company	
	2018	2017
Equity investments in group entities		
Cost at 1 January	144,685	144,737
Additions	500	0
Disposals	0	-52
Cost at 31 December	145,185	144,685
Value adjustments at 1 January	5,124	1,289
Exchange adjustment	-2,278	4,236
Profit for the year	13,869	13,509
Dividends to the Parent Company	-5,869	-5,654
Other equity movements, net	0	490
Amortisation of goodwill	-6,959	-6,729
Change in internal profits on inventory, etc.	-496	-2,017
Value adjustments at 31 December	3,391	5,124
Carrying amount at 31 December	148,576	149,809

In 2016, the Group acquired equity investments in DAFA Polska sp. Z o.o, which entailed recognition of a positive balance (goodwill) of DKK 60,999 thousand. The book value of goodwill amounted to DKK 45,915 thousand as of 31 December 2018.

In 2016, the Group acquired equity investments in DAFA Italia S.r.l, which entailed recognition of a positive balance (goodwill) of DKK 6,688 thousand. The book value of goodwill amounted to DKK 5,144 thousand as of 31 December 2018.

Based on projected profit in the coming years, the Company has not identified any impairment related to the recognised goodwill.

Name/legal form	Registered office	Contributed capital	Votes and ownership
Group entities:			
DAFA China Holding ApS	Denmark	125,000 (DKK)	100%
DAFA Sealing Technology (Tianjin) Co., Ltd. (indirect ownership)	China	5,184,548 (CNY)	100%
DAFA Sverige AB	Sweden	100,000 (SEK)	100%
DAFA Deutschland GmbH	Germany	25,000 (EUR)	100%
DAFA US Inc.	USA	20,000 (USD)	100%
DAFA Polska sp. Z o.o.	Poland	2,196,000 (PLN)	100%
DAFA Italia S.r.l	Italy	10,000 (EUR)	100%
NEWDAFA A/S	Denmark	500,000 (DKK)	100%

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

DKK'000	Group		Parent Company	
	2018	2017	2018	2017
6 Financial income				
Interest income from group entities	0	0	346	153
Other financial income	1,229	1,008	1,644	24
	<u>1,229</u>	<u>1,008</u>	<u>1,990</u>	<u>177</u>
7 Tax on profit for the year				
Current tax for the year	7,887	5,036	3,680	277
Deferred tax adjustment for the year	-323	-1,574	117	-856
Adjustment of tax concerning previous years	0	57	0	-2
	<u>7,564</u>	<u>3,519</u>	<u>3,797</u>	<u>-581</u>
8 Proposed profit appropriation				
Reserve for net revaluation according to the equity method	0	0	-1,733	-743
Retained earnings	9,947	2,648	11,680	3,391
Proposed dividends	10,000	0	10,000	0
	<u>19,947</u>	<u>2,648</u>	<u>19,947</u>	<u>2,648</u>

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

9 Intangible assets

DKK'000	Group				Total
	Goodwill	Completed development projects	Software	Acquired other similar rights	
Cost at 1 January 2018	67,687	3,489	0	2,957	74,133
Additions	0	210	472	78	760
Disposals	0	-1,332	-87	0	-1,419
Transferred	0	0	3,580	0	3,580
Cost at 31 December 2018	67,687	2,367	3,965	3,035	77,054
Amortisation and impairment losses at 1 January 2018	-9,842	-2,142	0	-2,421	-14,405
Amortisation	-6,786	-813	-660	-334	-8,593
Transferred	0	0	-1,431	0	-1,431
Reversed amortisation and impairment losses on assets sold	0	1,332	87	0	1,419
Amortisation and impairment losses at 31 December 2018	-16,628	-1,623	-2,004	-2,755	-23,010
Carrying amount at 31 December 2018	51,059	744	1,961	280	54,044

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

9 Intangible assets (continued)

Completed development projects

Completed development projects relate to development and test of various concepts regarding our wind and building segments and development of AX integration in the group, which has entailed greater productivity.

The projects were completed in 2017 and are amortised over three years.

DKK'000	Parent Company			
	Completed deve- lopment projects	Acquired other similar rights	Software	Total
Cost at 1 January 2018	3,439	1,665	0	5,104
Additions	211	0	471	682
Disposals	0	0	-88	-88
Transferred	0	0	3,580	3,580
Cost at 31 December 2018	3,650	1,665	3,963	9,278
Amortisation and impairment losses at 1 January 2018	-2,127	-1,438	0	-3,565
Amortisation	-779	-156	-659	-1,594
Transferred	0	0	-1,431	-1,431
Reversed amortisation and impairment losses on assets sold	0	0	88	88
Amortisation and impairment losses at 31 December 2018	-2,906	-1,594	-2,002	-6,502
Carrying amount at 31 December 2018	744	71	1,961	2,776

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

10 Property, plant and equipment

DKK'000	Group					Total
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Prepayments for property, plant and equipment	
Cost at 1 January 2018	54,083	108,739	55,192	3,535	6,876	228,425
Foreign exchange adjustments in foreign entities	-1,052	-815	-101	0	-107	-2,075
Additions	277	7,435	469	434	2,915	11,530
Transferred	0	6,891	-4,102	2,455	-8,824	-3,580
Disposals	0	-5,533	-3,075	-535	0	-9,143
Cost at 31 December 2018	53,308	116,717	48,383	5,889	860	225,157
Depreciation and impairment losses at 1 January 2018	-8,523	-78,472	-46,007	-1,544	0	-134,546
Foreign exchange adjustments in foreign entities	210	514	58	0	0	782
Depreciation	-1,389	-8,209	-1,760	-365	0	-11,723
Transferred	0	0	1,431	0	0	1,431
Reversed depreciation and impairment losses	0	5,528	2,304	535	0	8,367

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

10 Property, plant and equipment (continued)

Depreciation and impairment losses at 31 December 2018	-9,702	-80,639	-43,974	-1,374	0	-135,689
Carrying amount at 31 December 2018	43,606	36,078	4,409	4,515	860	89,468
Assets held under finance leases	0	2,434	0	0	0	2,434

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

10 Property, plant and equipment (continued)

DKK'000	Parent Company				Total
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	
Cost at 1 January 2018	954	70,863	46,719	3,000	121,536
Additions	0	4,219	119	434	4,772
Transferred	0	0	-3,580	0	-3,580
Disposals	0	0	-1,883	0	-1,883
Cost at 31 December 2018	954	75,082	41,375	3,434	120,845
Depreciation and impairment losses at 1 January 2018	-53	-52,735	-41,206	-1,009	-95,003
Depreciation	-19	-4,250	-1,307	-345	-5,921
Transferred	0	0	1,431	0	1,431
Depreciation and impairment losses for the year on assets sold	0	0	1,880	0	1,880
Depreciation and impairment losses at 31 December 2018	-72	-56,985	-39,202	-1,354	-97,613
Carrying amount at 31 December 2018	882	18,097	2,173	2,080	23,232

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

11 Other receivables

DKK'000	Group		Parent Company	
	2018	2017	2018	2017
Other receivables at 1 January	1,565	1,463	1,491	1,463
Adjustment for the year	1,701	102	0	28
	<u>3,266</u>	<u>1,565</u>	<u>1,491</u>	<u>1,491</u>

12 Prepayments

Prepayments comprise the accrual of costs incurred relating to subsequent financial years, including insurance and IT licences, etc.

13 Contributed capital

All shares rank equally.

DKK'000	Group		Parent Company	
	2018	2017	2018	2017
Deferred tax at 1 January	4,819	6,420	2,333	3,189
Deferred tax adjustment for the year in the income statement	-323	-1,601	117	-856
	<u>4,496</u>	<u>4,819</u>	<u>2,450</u>	<u>2,333</u>

15 Other provisions

Other provisions at 1 January	784	0	0	0
Adjustment for the year	-600	784	0	0
	<u>184</u>	<u>784</u>	<u>0</u>	<u>0</u>

Other provisions comprise anticipated costs related to product warranties.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

	Group		Parent Company	
DKK'000	2018	2017	2018	2017

16 Non-current liabilities other than provisions

Non-current liabilities other than provisions can be specified as follows:

Mortgage debt:

0-1 years	12,500	12,500	12,500	12,500
1-5 years	12,500	25,000	12,500	25,000
	<u>25,000</u>	<u>37,500</u>	<u>25,000</u>	<u>37,500</u>

Lease obligations:

0-1 years	766	787	0	0
1-5 years	1,235	2,110	0	0
	<u>2,001</u>	<u>2,897</u>	<u>0</u>	<u>0</u>

Total non-current liabilities other than provisions

	<u>27,001</u>	<u>40,397</u>	<u>25,000</u>	<u>37,500</u>
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17 Fees to auditor appointed at the general meeting

Total fees to appointed auditor	<u>752</u>	<u>781</u>	<u>340</u>	<u>486</u>
Statutory audit	320	300	290	291
Tax assistance	376	238	25	25
Non-audit services	<u>56</u>	<u>243</u>	<u>25</u>	<u>170</u>
	<u>752</u>	<u>781</u>	<u>340</u>	<u>486</u>

18 Contractual obligations, contingencies, etc.

Operating lease obligations

0-1 year	6,466	5,776	4,793	4,769
1-5 years	<u>1,045</u>	<u>3,189</u>	<u>1,045</u>	<u>2,129</u>
	<u>7,511</u>	<u>8,965</u>	<u>5,838</u>	<u>6,898</u>

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

18 Contractual obligations, collaterals etc. (continued)

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

Collaterals

DAFA A/S is liable for all bank balances in DAFA Sverige AB. Bank debt at 31 December 2018 amounts to DKK 0 thousand.

DAFA A/S is as guarantor liable for all bank balances in DAFA Deutschland GmbH. The bank fund per 31 December 2018 represents EUR 36 thousand.

DAFA A/S has pledged the investment in DAFA Polska sp. Z.o.o. for all bank balances. The equity value of the investment totals EUR 16,857 thousand at 31 December 2018.

DAFA A/S has provided collateral of DKK 25 thousand to an owners' association.

19 Related parties

DAFA A/S' related parties comprise the following:

Control

DAFA A/S is part of the consolidated financial statements of J. Norby Holding ApS, Katterhøjvej 27, DK-8270 Højbjerg, and the consolidated financial statements of J. Norby Holding ApS, Katterhøjvej 27, DK-8270 Højbjerg which is the largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of J. Norby Holding ApS can be obtained by contacting the company at the above address.

Ownership

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

C. Norby Holding ApS, Aarhus C, Denmark

J. Norby Holding ApS, Højbjerg, Denmark

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

		Group	
DKK'000		2018	2017
20	Other adjustments		
	Financial income	-1,229	-1,008
	Financial expenses	1,907	5,005
	Tax on profit for the year	7,564	3,519
	Depreciation, amortisation and impairment losses, including losses and gains on sales	20,316	18,524
	Exchange adjustments in equity	-2,278	-364
	Exchange adjustments of fixed assets	1,293	0
		<u>27,573</u>	<u>25,676</u>
21	Changes in working capital		
	Change in inventories	9,304	-17,262
	Change in receivables	-16,172	-13,475
	Change in other provisions	-600	784
	Change in trade and other payables	19,261	8,218
		<u>11,793</u>	<u>-21,735</u>
22	Cash and cash equivalents		
	Cash and cash equivalents at 31 December comprise:		
	Cash at bank and in hand	6,314	9,916
	Current asset investments	2,962	3,712
	Overdraft facility	-74,514	-110,525
	Cash and cash equivalents at 31 December	<u>-65,238</u>	<u>-96,897</u>