

**MENETA HOLDING A/S**  
**STRANDHOLTVEJ 49, STIGE, 5270 ODENSE N**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2018**

The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 11 April 2019

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Georg 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.*

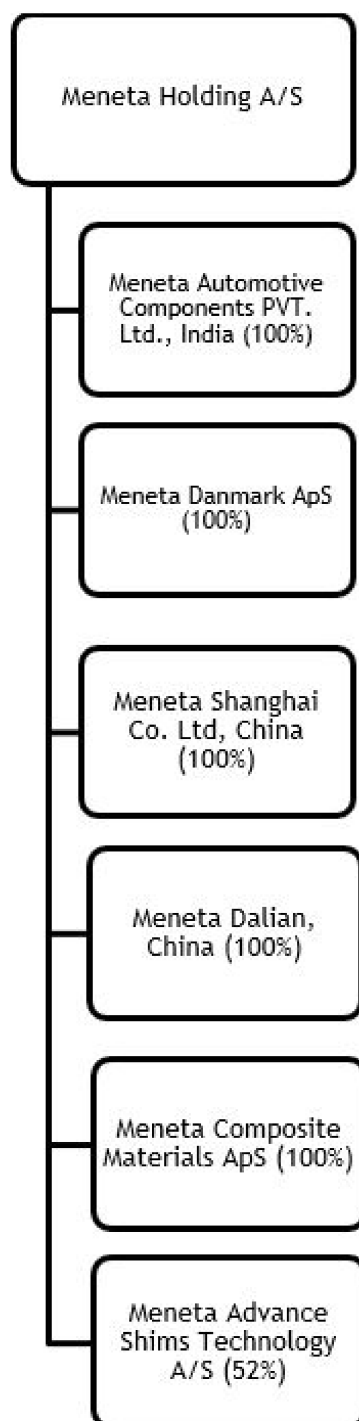
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**COMPANY DETAILS**

<b>Company</b>	Meneta Holding A/S Strandholtvej 49 Stige 5270 Odense N  CVR No.: 25 67 39 48 Established: 15 October 2000 Registered Office: Odense Financial Year: 1 January - 31 December
<b>Board of Directors</b>	George Michael Ruhl, chairman Christopher Watson Johnny Haakonsson Ole Thanning Roholdt Jessica Wang Olsson
<b>Board of Executives</b>	Kim Walther Østergaard
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
<b>Bank</b>	Danske Bank Albani Torv 2-3 5000 Odense C

## 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 Meneta Holding A/S 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.

Odense, 21 March 2019

Board of Executives

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Kim Walther Østergaard

Board of Directors

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George Michael Ruhl  
Chairman

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Christopher Watson

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Johnny Haakonsson

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Ole Thanning Roholdt

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Jessica Wang Olsson

## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholder of Meneta Holding A/S**

### **Opinion**

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Meneta Holding A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. 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 as well as the consolidated cash flows of the Group 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.

## 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 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:

- 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, 21 March 2019

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

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

Søren Søndergaard Jensen  
State Authorised Public Accountant  
MNE no. mne32069



## FINANCIAL HIGHLIGHTS OF THE GROUP

	2018 DKK '000	2017 DKK '000	2016 DKK '000	2015 DKK '000	2014 DKK '000
<b>Income statement</b>					
Net revenue.....	738.713	679.206	631.706	620.094	577.444
Gross profit/loss.....	281.946	265.687	266.548	238.961	220.078
Operating profit/loss.....	88.810	87.689	91.825	78.186	72.835
Financial income and expenses, net.....	-6.414	-1.302	-3.607	-131	-3.022
Profit/loss for the year before tax.....	82.396	86.387	88.218	78.055	69.813
Profit/loss for the year.....	59.927	63.421	68.572	57.494	48.615
<b>Balance sheet</b>					
Balance sheet total.....	647.262	611.190	566.091	529.709	455.796
Equity.....	424.451	378.093	280.931	217.901	161.642
Invested capital.....	407.395	346.071	304.525	247.039	187.423
<b>Cash flows</b>					
Investment in tangible fixed assets.....	-48.101	-73.130	-52.040	-33.219	-31.160
<b>Average number of full-time employees.....</b>	<b>1.439</b>	<b>1.487</b>	<b>1.615</b>	<b>1.360</b>	<b>1.346</b>
<b>Ratios</b>					
Gross margin.....	38,2	39,1	42,2	38,5	38,1
Profit margin.....	12,0	12,9	14,5	12,6	12,6
Rate of return.....	14,7	15,9	22,5	23,3	25,9
Solvency ratio.....	65,6	62,0	49,6	41,1	35,5
Return on equity.....	12,8	16,7	27,5	30,3	35,5
Index for net revenue.....	128	118	109	107	100
Net revenue per employee.....	513	457	391	456	429

## FINANCIAL HIGHLIGHTS OF THE GROUP

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

Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
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:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Net revenue per employee DKK ('000)	$\frac{\text{Net revenue DKK('000)}}{\text{Average number of full-time employees}}$

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

## MANAGEMENT'S REVIEW

### Principal activities

Meneta Holding A/S is the parent company of Meneta Danmark ApS, Meneta Advanced Shims Technology A/S, and Meneta Composite Materials ApS, all of which are based in Denmark, as well as Meneta Automotive Components Private Limited in India, and Meneta Shanghai and Meneta Dalian, both in China.

The activities of the company range from production and sales of braking components, such as back plates and anti-noise shims, to kit-sets and miscellaneous automotive accessories, and materials.

Meneta Holding A/S also obtains revenue and profit from NVH dyno testing from a branch office in Koblenz, Germany, mainly targeting external customers.

Aside from the management and secretary, the company employs staff within the areas of new technology, finance and IT as well as employees to support the various subsidiaries within business development, marketing, R&D, production, design, etc.

### Development in activities and financial position

The Chinese companies obtained a revenue of DKK 91 mil. and an EBITDA of DKK 10 mil.

The Indian companies obtained a revenue of DKK 275 mil. and an EBITDA of DKK 41 mil.

The Danish companies obtained a revenue of DKK 496 mil. and an EBITDA of DKK 74 mil.

The result for Meneta India was better than budget, while the results for the other companies ended lower than budget.

The consolidated revenue ended at DKK 739 mil. and an EBITDA of DKK 125 mil.

Revenue increased by 8.8 %. EBITDA increased by 1.6 %.

The result of the year ended at DKK 60 mil. against DKK 63 mil. in 2017.

Throughout the year, we have invested DKK 48 mil. in fixed assets in the various group companies.

### Profit/loss for the year compared to future expectations

We expect for 2019 a minor increase in revenue and a continued, improved profit, being above this year's profit.

### Events after the end of the financial year

In 2019, Meneta Holding A/S will start the construction of a new building as an additional expansion of the existing production facilities in Odense, all of which underpin the global growth strategy and general expansion plans of the company.

To the best of our knowledge, no events have occurred after the end of the financial year of material importance for the company's financial position.

## MANAGEMENT'S REVIEW

### Special risks

A considerable part of the group's raw materials depends on commodities such as steel and oil, prices of which may vary.

Raw materials, sales prices, and assets and liabilities depend on the development in a line of currencies. The currency exposure is constantly evaluated, and risk hedging takes place according to determined policies and rules.

### Environmental situation

Meneta Holding A/S is aware of the potential impact of its products and production processes. It is an ongoing process, and work is done constantly to reduce it and Meneta has recently entered into a partnership with the island's leading utility provider 'Energy Fyn' in order to reduce CO2 emissions.

The Indian companies obtained full OHSAS 18001 certification ("Arbejdsmiljøledelse") as well as ISO14001 certification ("Miljøledelsessystem").

### Development activities

The group's utilized means on development activities have been taken to the profit and loss account.

### Expected development

For 2019, we expect a minor reduction in the environmental impact of our products including the elimination of heavy metals.

## MANAGEMENT'S REVIEW

### Corporate social responsibility

Product development is focused on reducing the environmental impact of our products including the elimination of heavy metals.

The company has developed a CSR policy, including a Code of Conduct (part of our staff handbook) outlining e.g. ethical business standards for its employees. A number of measures have been initiated, e.g. the formulation of a questionnaire signed by all BOM to suppliers, ensuring that they meet same requirements.

In their Codes of Conduct, Meneta Holding A/S' operational companies Meneta Danmark ApS and Meneta Advanced Shims Technology A/S have already fully integrated the 10 principles of the largest international corporate sustainability initiative, the UN Global Compact. The next step will be for Meneta Holding A/S to become a full member of the UN Global Compact; an action for which we are now laying the groundwork at group level.

This global initiative mobilizes companies to take strategic actions to advance broader societal goals, with an emphasis on collaboration and innovation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, environment and anti-corruption.

The Indian company (MACL) collaborates with the NGO Manavta Drishti to offer educational support for underprivileged children. The NGO was formed by engineering students to empower underprivileged children, youth and women through education, healthcare and livelihood programs. MACL has helped a local school with several initiatives: providing electricity supply for lighting during evening hours; distributing uniforms, books and stationeries to children and black boards for the teachers; creating a healthy and harmonious educational environment by providing manpower and equipment for the maintenance of the garden surrounding the school; providing drinking water and snacks twice a week to all students and teachers to encourage the children to attend class.

MACL also arranged a New Year's Eve celebration for an orphanage and offered a free lunch for the orphans at a different occasion. MACL will continue its collaboration with Manavta Drishti to support these initiatives.

Meneta attaches great importance to helping young talents expand their knowledge and share with them our passion for the automotive industry and our group's ambition to be 'Best in Class'. As a result, we decided to support the EuroBrake Student Opportunities Programme in 2018 and we will renew our sponsorship in 2019. The program offers select students from around the world the opportunity to attend the world's largest conference and exhibition dedicated to the braking industry. With this sponsorship, we create visibility for Meneta, and we connect with qualified candidates who match our company now and in the future.

Generally, we also show corporate social responsibility for the local community through charity work, minor sponsorships and temps hired for seasonal work from local high schools and sport clubs. The company collaborates with clusters that help impaired people obtain work on temporary basis, and we take in students from local schools and universities to collaborate on specific projects, offer internships or help them complete their master's thesis.

### Target figures and policies for the underrepresented gender

The focus on increasing the number of female managers is an ongoing process and the company hence continues to strive to ensure the right composition of gender in management functions.

The target as to how many of the under-represented gender should have a seat on the board of directors has been implemented. The company has lived up to its target that at least 20% of the board members elected at the Annual General Meeting of shareholders in the Company should be female by 2020, and the board of Meneta Holding A/S now meets the first target.

**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

	Note	Group		Parent company	
		2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000
<b>NET REVENUE .....</b>	<b>1</b>	<b>738.713</b>	<b>679.206</b>	<b>34.393</b>	<b>30.500</b>
Cost of sales.....		-362.612	-327.571	-197	-383
Other operating income/cost.....		-930	-3.294	0	0
Other external expenses.....	2	-93.225	-82.654	3.765	1.157
<b>GROSS PROFIT/LOSS .....</b>		<b>281.946</b>	<b>265.687</b>	<b>37.961</b>	<b>31.274</b>
Staff costs.....	3	-157.539	-142.878	-8.642	-8.698
Depreciation, amortisation and impairment.....		-35.597	-35.120	-6.847	-4.357
<b>OPERATING PROFIT .....</b>		<b>88.810</b>	<b>87.689</b>	<b>22.472</b>	<b>18.219</b>
Result of equity investments in group and associates.....		0	0	35.634	43.195
Other financial income.....	4	83	2.243	2	280
Other financial expenses.....	5	-6.497	-3.545	-1.679	-1.958
<b>PROFIT BEFORE TAX.....</b>		<b>82.396</b>	<b>86.387</b>	<b>56.429</b>	<b>59.736</b>
Tax on profit/loss for the year.....	6	-22.469	-22.966	-5.145	-4.663
<b>PROFIT FOR THE YEAR.....</b>	<b>7</b>	<b>59.927</b>	<b>63.421</b>	<b>51.284</b>	<b>55.073</b>

## 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.....		123.402	80.707	73.508	26.461
Production plant and machinery...		107.142	110.087	7.434	9.667
Other plant, machinery, tools and equipment.....		9.946	8.542	741	854
Tangible fixed assets in progress and prepayment.....		25.692	62.174	2.012	44.075
<b>Tangible fixed assets.....</b>	<b>8</b>	<b>266.182</b>	<b>261.510</b>	<b>83.695</b>	<b>81.057</b>
Participating interests in affiliated undertakings.....		0	0	342.827	320.244
<b>Fixed asset investments.....</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>342.827</b>	<b>320.244</b>
<b>FIXED ASSETS.....</b>		<b>266.182</b>	<b>261.510</b>	<b>426.522</b>	<b>401.301</b>
Raw materials and consumables...		63.860	51.534	0	0
Goods in progress.....		17.350	19.652	0	0
Finished goods and goods for resale.....		81.954	80.520	0	0
<b>Inventories.....</b>		<b>163.164</b>	<b>151.706</b>	<b>0</b>	<b>0</b>
Trade receivables.....		174.717	142.221	5.051	2.800
Amounts owed by affiliated undertakings.....		0	0	7.197	5.662
Deferred tax assets.....	11	1.115	1.292	0	0
Other receivables.....		25.028	22.439	7.599	1.398
<b>Receivables.....</b>		<b>200.860</b>	<b>165.952</b>	<b>19.847</b>	<b>9.860</b>
Cash and cash equivalents.....		17.056	32.022	263	433
<b>CURRENT ASSETS.....</b>		<b>381.080</b>	<b>349.680</b>	<b>20.110</b>	<b>10.293</b>
<b>ASSETS.....</b>		<b>647.262</b>	<b>611.190</b>	<b>446.632</b>	<b>411.594</b>

# 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.....	10	40.600	40.600	40.600	40.600
Reserve for net revaluation under the equity method.....		0	0	208.421	185.888
Retained profit.....		320.703	282.988	112.282	97.100
Minority shareholders.....		63.148	54.505	0	0
<b>EQUITY.....</b>		<b>424.451</b>	<b>378.093</b>	<b>361.303</b>	<b>323.588</b>
Deferred tax liability.....	11	0	0	100	0
<b>PROVISION FOR LIABILITIES.....</b>		<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>
Debt to banks.....		35.796	28.142	35.796	28.142
Other creditors.....		58	58	58	58
Lease liabilities.....		1.281	1.870	0	0
<b>Long-term liabilities.....</b>	<b>12</b>	<b>37.135</b>	<b>30.070</b>	<b>35.854</b>	<b>28.200</b>
Short-term portion of long-term liabilities.....	12	14.938	14.836	14.290	12.552
Debt to banks.....		37.797	84.509	0	4.559
Trade payables.....		92.610	59.903	1.603	2.316
Subordinate loan capital.....		0	0	27.393	36.856
Other creditors.....		40.331	43.779	6.089	3.523
<b>Current liabilities.....</b>		<b>185.676</b>	<b>203.027</b>	<b>49.375</b>	<b>59.806</b>
<b>LIABILITIES.....</b>		<b>222.811</b>	<b>233.097</b>	<b>85.229</b>	<b>88.006</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>647.262</b>	<b>611.190</b>	<b>446.632</b>	<b>411.594</b>
 Contingencies etc.	13				
Charges and securities	14				
Related parties	15				



## EQUITY

	Group			
	Share capital	Retained profit	Minority shareholders	Total
Equity at 1 January 2018.....	40.600	282.988	54.505	378.093
Change of equity due to correction of errors.....		-7.792		-7.792
<b>Adjusted equity at 1 January 2018.....</b>	<b>40.600</b>	<b>275.196</b>	<b>54.505</b>	<b>370.301</b>
Value adjustments of equity.....		-5.777		-5.777
Proposed distribution of profit.....		51.284	8.643	59.927
<b>Equity at 31 December 2018.....</b>	<b>40.600</b>	<b>320.703</b>	<b>63.148</b>	<b>424.451</b>

	Parent company			
	Share capital	Reserve for net revaluation according to equity va	Retained profit	Total
Equity at 1 January 2018.....	40.600	185.888	97.100	323.588
Change of equity due to correction of errors.....			-7.792	-7.792
<b>Adjusted equity at 1 January 2018.....</b>	<b>40.600</b>	<b>185.888</b>	<b>89.308</b>	<b>315.796</b>
Value adjustments of equity.....			-5.777	-5.777
Proposed distribution of profit.....		22.533	28.751	51.284
<b>Equity at 31 December 2018.....</b>	<b>40.600</b>	<b>208.421</b>	<b>112.282</b>	<b>361.303</b>

# CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2018 DKK '000	2017 DKK '000
Profit/loss for the year.....	59.927	63.421
Reversed depreciation of the year.....	35.597	35.120
Reversed tax on profit for the year.....	22.469	22.966
Other adjustments.....	-5.777	-12.416
Change in inventory.....	-11.458	14.271
Change in receivables.....	-34.908	-11.266
Change in current liabilities (ex bank, tax and dividend).....	6.892	-14.292
<b>CASH FLOWS FROM OPERATING ACTIVITY.....</b>	<b>72.742</b>	<b>97.804</b>
Purchase of tangible fixed assets.....	-48.101	-73.130
Sale of tangible fixed assets.....	40	185
<b>CASH FLOWS FROM INVESTING ACTIVITY.....</b>	<b>-48.061</b>	<b>-72.945</b>
Other changes in long-term debt.....	7.065	-9.358
<b>CASH FLOWS FROM FINANCING ACTIVITY.....</b>	<b>7.065</b>	<b>-9.358</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>31.746</b>	<b>15.501</b>
Cash and cash equivalents at 1 January.....	-52.487	-67.988
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER.....</b>	<b>-20.741</b>	<b>-52.487</b>

## NOTES

	Group		Parent company		Note
	2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000	
<b>Net revenue</b>					<b>1</b>
Revenue, Denmark.....	723	1.153	0	0	
Revenue, other countries.....	737.990	678.053	34.393	30.500	
	<b>738.713</b>	<b>679.206</b>	<b>34.393</b>	<b>30.500</b>	
<b>Segment details (geography)</b>					
Revenue, Denmark.....	723	1.153	0	0	
Revenue, other countries.....	737.990	678.053	34.393	30.500	
	<b>738.713</b>	<b>679.206</b>	<b>34.393</b>	<b>30.500</b>	
<b>Fee to statutory auditors</b>					<b>2</b>
Total fee:					
BDO.....	1.106	1.021	195	302	
	<b>1.106</b>	<b>1.021</b>	<b>195</b>	<b>302</b>	
Specification of fee:					
Statutory audit.....	664	660	120	120	
Other services.....	442	361	75	182	
	<b>1.106</b>	<b>1.021</b>	<b>195</b>	<b>302</b>	
<b>Staff costs</b>					<b>3</b>
Average number of employees					
Group: 1.439 (2017: 1.487)					
Parent company: 13 (2017: 13)					
Wages and salaries.....	140.762	128.026	7.473	7.534	
Pensions.....	9.264	8.462	1.082	1.080	
Social security costs.....	7.513	6.390	87	84	
	<b>157.539</b>	<b>142.878</b>	<b>8.642</b>	<b>8.698</b>	
<b>Other financial income</b>					<b>4</b>
Affiliated undertakings.....	0	0	0	276	
Other interest income.....	83	2.243	2	4	
	<b>83</b>	<b>2.243</b>	<b>2</b>	<b>280</b>	
<b>Other financial expenses</b>					<b>5</b>
Group enterprises.....	0	0	406	427	
Other interest expenses.....	6.497	3.545	1.273	1.531	
	<b>6.497</b>	<b>3.545</b>	<b>1.679</b>	<b>1.958</b>	

## NOTES

	Group		Parent company		Note
	2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000	
<b>Tax on profit/loss for the year</b>					<b>6</b>
Calculated tax on taxable income of the year.....	22.379	22.822	4.452	4.253	
Adjustment of tax for previous years.....	6	296	6	478	
Adjustment of deferred tax.....	84	-152	687	-68	
	<b>22.469</b>	<b>22.966</b>	<b>5.145</b>	<b>4.663</b>	
 <b>Proposed distribution of profit</b>					 <b>7</b>
Reserve for net revaluation under the equity method.....	0	0	35.634	31.466	
Retained profit.....	59.927	63.421	15.650	23.607	
	<b>59.927</b>	<b>63.421</b>	<b>51.284</b>	<b>55.073</b>	
 <b>Tangible fixed assets</b>					 <b>8</b>
	Group				
	Land and buildings	Production plants and machinery			
Cost at 1 January 2018.....	116.100	309.705			
Exchange adjustment.....	-3.497	-6.070			
Additions.....	52.125	33.006			
Disposals.....	-938	-95			
<b>Cost at 31 December 2018.....</b>	<b>163.790</b>	<b>336.546</b>			
 Depreciation and impairment losses at 1 January 2018.....	35.393	199.618			
Exchange adjustment.....	-709	-3.899			
Adjustment in the beginning of the year.....	0	7.772			
Depreciation for the year.....	6.642	26.008			
Depreciation on disposals.....	-938	-95			
<b>Depreciation and impairment losses at 31 December 2018....</b>	<b>40.388</b>	<b>229.404</b>			
 <b>Carrying amount at 31 December 2018.....</b>	<b>123.402</b>	<b>107.142</b>			
 Finance lease assets.....		11.700			

## NOTES

Note

## Tangible fixed assets (continued)

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	Group	
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2018.....	26.214	62.174
Exchange adjustment.....	-825	-140
Additions.....	4.996	29.030
Disposals.....	-184	-65.372
<b>Cost at 31 December 2018.....</b>	<b>30.201</b>	<b>25.692</b>
Depreciation and impairment losses at 1 January 2018.....	17.672	
Exchange adjustment.....	-501	
Depreciation for the year.....	3.157	
Depreciation on disposals.....	-73	
<b>Depreciation and impairment losses at 31 December 2018....</b>	<b>20.255</b>	
<b>Carrying amount at 31 December 2018.....</b>	<b>9.946</b>	<b>25.692</b>
	Parent company	
	Land and buildings	Production plants and machinery
Cost at 1 January 2018.....	47.069	14.721
Additions.....	51.282	36
Disposals.....	-614	0
<b>Cost at 31 December 2018.....</b>	<b>97.737</b>	<b>14.757</b>
Depreciation and impairment losses at 1 January 2018.....	20.608	5.054
Reversal of depreciation of assets disposed of.....	-614	-20
Depreciation for the year.....	4.235	2.289
<b>Depreciation and impairment losses at 31 December 2018....</b>	<b>24.229</b>	<b>7.323</b>
<b>Carrying amount at 31 December 2018.....</b>	<b>73.508</b>	<b>7.434</b>
	Parent company	
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2018.....	1.780	44.075
Additions.....	210	2.012
Disposals.....	0	-44.075
<b>Cost at 31 December 2018.....</b>	<b>1.990</b>	<b>2.012</b>
Depreciation and impairment losses at 1 January 2018.....	926	
Depreciation for the year.....	323	
<b>Depreciation and impairment losses at 31 December 2018....</b>	<b>1.249</b>	
<b>Carrying amount at 31 December 2018.....</b>	<b>741</b>	<b>2.012</b>

## NOTES

Note

## Fixed asset investments

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	Parent company
	Equity investments in group enterprises
Cost at 1 January 2018.....	134.356
Additions.....	50
<b>Cost at 31 December 2018.....</b>	<b>134.406</b>
Revaluation at 1 January 2018.....	185.888
Exchange adjustment.....	-5.309
Profit/loss for the year.....	35.634
Other adjustments.....	-7.792
<b>Revaluation at 31 December 2018.....</b>	<b>208.421</b>
<b>Carrying amount at 31 December 2018.....</b>	<b>342.827</b>

## Investments in subsidiaries (DKK '000)

Name and registered office	Equity	Profit/loss for the year	Ownership
Meneta Danmark ApS, Odense.....	93.982	8.928	100 %
Meneta Advance Shims Technology A/S, Odense.....	68.411	9.364	52 %
Meneta Automative Components Pvt. Ltd., India.....	113.060	14.580	100 %
Meneta Shanghai Co. Ltd, China.....	43.916	5.053	100 %
Meneta Dalian Co. Ltd., China.....	24.343	-1.686	100 %
Meneta Composite Materials ApS, Odense.....	-609	-659	100 %

	2018 DKK '000	2017 DKK '000
<b>Share capital</b>		
Specification of the share capital:		
Shares, 100 in the denomination of 406.000 DKK.....	40.600	40.600
	<b>40.600</b>	<b>40.600</b>

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## NOTES

### Note

#### 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.

	Group		Parent company	
	2018	2017	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000
Deferred tax assets, 1 January 2018.	1.292	238	0	0
Added in the year 2018.....	-177	1.054	-100	0
<b>Deferred tax assets 31 December 2018.....</b>	<b>1.115</b>	<b>1.292</b>	<b>-100</b>	<b>0</b>

#### Long-term liabilities

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	Group				
	31/12 2018	Repayment	Debt	31/12 2017	Repayment
	total liabilities	next year	outstanding after 5 years	total liabilities	2018
Bank loan.....	50.086	14.290	0	40.694	12.552
Other liabilities.....	58	0	0	58	0
Lease liabilities.....	1.929	648	0	4.154	2.284
	<b>52.073</b>	<b>14.938</b>	<b>0</b>	<b>44.906</b>	<b>14.836</b>

	Parent company				
	31/12 2018	Repayment	Debt	31/12 2017	Repayment
	total liabilities	next year	outstanding after 5 years	total liabilities	2018
Bank loan.....	50.086	14.290	0	40.694	12.552
Other liabilities.....	58	0	0	58	0
	<b>50.144</b>	<b>14.290</b>	<b>0</b>	<b>40.752</b>	<b>12.552</b>

#### Contingencies etc.

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#### Contingent liabilities

	Group		Parent company	
	2018	2017	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000
Guarantee for subsidiaries.....	0	0	37.797	45.253

#### Joint liabilities

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

## NOTES

### Note

#### Charges and securities

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	Group		Parent company	
	Carrying amount of assets	Nominal value of mortgage or outstanding debt	Carrying amount of assets	Nominal value of mortgage or outstanding debt
	DKK '000	DKK '000	DKK '000	DKK '000
Property, plant and machinery, estimated value.....	88.000	19.000	74.000	19.000
Chattel mortgage on inventory and receivables.....	180.800	40.000	0	0

#### Related parties

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Meneta Holding A/S' related parties include:

Meneta Denmark ApS  
Meneta Advanced Shims Technology A/S  
Meneta Composite Materials ApS  
Meneta Automotive Component Pvt. Ltd., India  
Meneta (Shanghai) Co. Ltd., China  
Meneta Dalian Co. Ltd. China

#### Controlling interest

Steve Wang, USA

#### Other related parties having performed transactions with the company

The company's related parties with significant influence comprise subsidiaries and associates, the board of directors, board of executives, and leading employees of such companies as well as closely related family members of these. Related parties also comprise companies in which members of the above group hold significant interest.

#### 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 Meneta Holding A/S 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 used last year.

### Correction of material errors

In the financial year 2018 a material error relating to depreciations in previous years has been corrected in the indirectly wholly owned subsidiary, Meneta Dalian. The correction of the depreciation basis at the beginning of the year is material to the parent company and consolidated financial statements whereas the depreciation differences in the individual years separately are immaterial at group level. Thus, it is solely the opening adjustment of the depreciation basis that is made in equity, and the comparative figures are not corrected because it is immaterial to the financial statements.

The correction of the error in the subsidiary in the financial statements for 2018 has resulted in a positive value adjustment of the equity interest in the assets of DKK ('000) 7,792 and a correction of equity under "retained earnings" of DKK ('000) 7,792. The correction is shown in "Statement of equity" for 2018 as "Net effect of correction of material error".

### Consolidated financial statements

The consolidated financial statements include the parent company Meneta Holding A/S and its subsidiaries in which Meneta Holding A/S 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 amount 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.

## ACCOUNTING POLICIES

### INCOME STATEMENT

#### Net revenue

Net revenue from sale of merchandise and 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 revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

#### Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

#### 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.

#### Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

#### 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, realised and unrealised gains and losses arising from investments in financial assets, 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 may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

### BALANCE SHEET

#### Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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.

## ACCOUNTING POLICIES

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.....	5-30 years	0 %
Production plant and machinery.....	4-10 years	0 %
Other plant, fixtures and equipment.....	3-10 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.

### Fixed asset investments

Investments in subsidiaries are measured in the 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

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 equipments.

Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.

Net revaluation of investments in subsidiaries and associates 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.

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

### Impairment of fixed assets

The carrying amount of tangible assets together with fixed assets, 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, the assets are written down 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, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

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.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses 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.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

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 will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### 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.

Amortised cost of current liabilities usually corresponds to nominal value.

## ACCOUNTING POLICIES

### 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.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables 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.

## CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.

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 cash in hand.