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BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
DK-1561 Copenhagen V
CVR no. 20 22 26 70

ROULUNDS BRAKING APS

HESTEHAVEN 43, 5260 ODENSE S

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2017

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 26 April 2018

Dirigent George Michael Ruhl

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

CVR NO. 26 93 14 52

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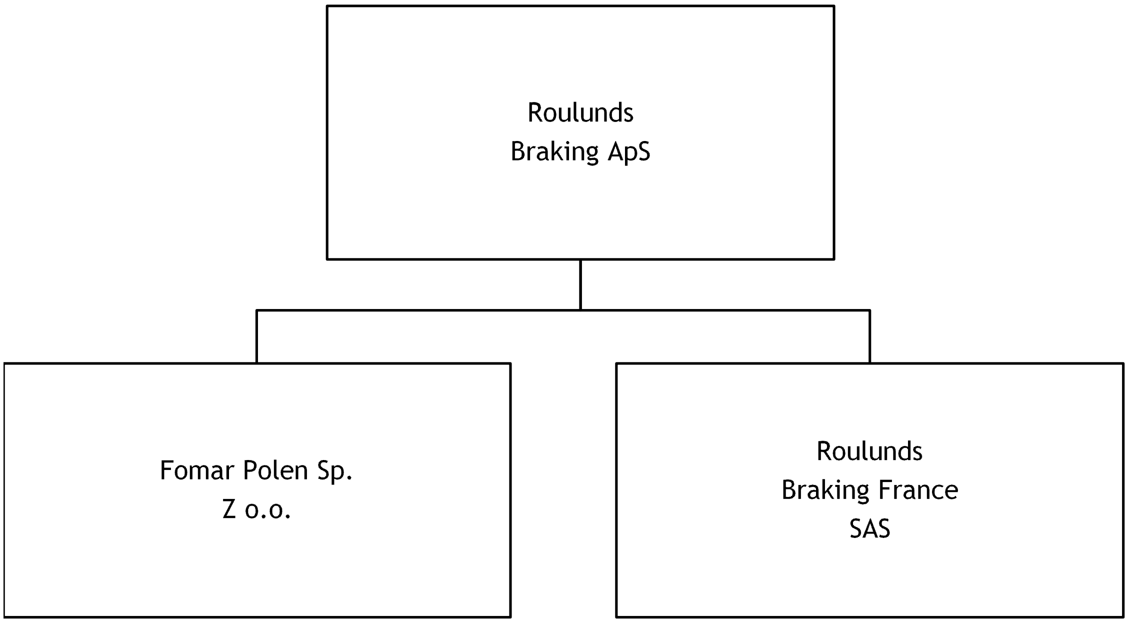
COMPANY DETAILS

Company	Roulunds Braking ApS Hestehaven 43 5260 Odense S Telephone: 63 13 47 00 Telefax: 63 13 47 01 CVR no.: 26 93 14 52 Registered Office: Odense Financial Year: 1 January - 31 December
Board of Directors	George Michael Ruhl, Chairman Caroline Evelyne Lachaud Christopher Watson Per Kroer Andersen Johnny Haakonsson Lars Bjarne Madsen, Elected by employees John Bøgedal, Elected by employees
Board of Executives	Christopher Watson Per Kroer Andersen
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Nordea Bank A/S Vestre Stationsvej 7 5000 Odense C

GROUP STRUCTURE



The following companies are consolidated and recognised at equity value under the equity method:

Fomar Poland Sp. Z.o.o.
Roulunds Braking France SAS

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 Roulunds Braking ApS for the financial year 1 January - 31 December 2017.

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 the Group's and the Company's financial position at 31 December 2017 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2017.

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, 26 April 2018

Board of Executives

Christopher Watson	Per Kroer Andersen

Board of Directors

George Michael Ruhl Chairman	Caroline Evelyne Lachaud	Christopher Watson
Per Kroer Andersen	Johnny Haakonsson	Lars Bjarne Madsen Elected by employees
John Bøgedal Elected by employees		

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Roulunds Braking ApS

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Roulunds Braking ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies for both the Group and the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group and the Parent Company operations and cash flows for the financial year 1 January - 31 December 2017 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 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 the Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements and the Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

INDEPENDENT AUDITOR'S REPORT

Copenhagen, 26 April 2018

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen	Søren Søndergaard Jensen
State Authorised Public Accountant	State Authorised Public Accountant
MNE no. 23299	MNE no. 32069

FINANCIAL HIGHLIGHTS OF THE GROUP

	2017 DKK '000	2016 DKK '000	2015 DKK '000	2014 DKK '000	2013 DKK '000
Income statement					
Net revenue	542.825	558.106	593.892	567.155	568.544
Gross profit	84.553	85.850	104.643	85.240	73.338
Operating profit	31.608	35.310	56.114	29.999	19.368
Financial income and expenses, net	-218	-3.735	-5.940	-9.143	-575
Profit for the year	23.925	23.554	35.752	15.921	14.107
Balance sheet					
Balance sheet total	300.113	293.736	270.349	299.357	305.003
Equity	180.572	156.546	133.066	97.286	81.193
Cash flows					
Cash flows from operating activities	18.086	20.345	62.042	11.239	114
Cash flows from investing activities	-16.734	-34.387	191	-6.414	-10.086
Cash flows from financing activities	10.091	-4.359	-69.350	1.528	3.354
Investment in tangible fixed assets	-17.722	-34.818	3.597	6.932	10.233
Ratios					
Gross margin	15,6	15,4	17,6	15,0	12,9
Profit margin	5,8	6,3	5,4	3,4	2,6
Rate of return	18,8	24,4	7,0	6,7	5,2
Solvency ratio	60,2	53,3	49,2	32,5	26,6
Return on equity	14,2	16,3	31,0	25,3	18,9

The key figures are prepared in accordance with the guidance of Den Danske Finansanalytikerforening on “Recommendation & Key Figures”. Reference is made to the overview of principal figures and key figures concerning the formula for calculation of individual key figures.

FINANCIAL HIGHLIGHTS OF THE GROUP

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

Gross margin:	Gross profit x 100 / Net revenue
Profit margin:	Operating profit/loss x 100 / Net revenue
Rate of return:	Profit/loss on ordinary activities x 100 / 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:	Equity ex. minorities, at year end x 100 / Total equity and liabilities, at year end
Return on equity:	Profit/loss after tax x 100 / Average equity

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

MANAGEMENT'S REVIEW

Principal activities
The activities of the company in Denmark include:

- Distribution and sale of brake pads, brake shoes, rolled lining, brake discs and brake shoe kits manufactured by other MAT companies into the European market.
- Central R&D for all MAT friction companies.

Development in activities and financial position
The group result before tax showed a profit of 31,4 million DKK (Roulunds Braking Denmark 32,6 million DKK, Fomar Poland 0,7 million DKK, Roulunds Braking France -1,9 million DKK).

2017 sales were 543 million DKK. Sales included 110 million DKK resulting from Fomar Friction activities in Poland.

In 2017 the group has invested 17,7 million DKK in tangible fixed assets. This included 10 million invested in finalizing new premises in Odense, and 5,7 million DKK invested in R&D testing equipment. Roulunds Braking Denmark inventory has increased by 7,9 million DKK. Total Group inventory 2017 was 108 million DKK.

Major events in the year
In 2017 MAT acquired the license of the Bendix brand for automotive braking products in Western Europe, Middle East and North Africa. This acquisition expands Roulunds aftermarket business into new geographic territories while securing existing European business.

In 2017 Roulunds Braking Denmark moved into a new purpose built facility in Odense.

Quality Certifications
The company is TS16949 and ISO14001 certified and expect IATF16949 accreditation by Q.3 2018.

Profit for the year compared to expectations
2017 results were broadly similar to 2016. Overall the margin was impacted by a negative product mix that saw an increase in aftermarket sales offsetting a reduction in the higher margin OES sales. Profitability was also impacted by an overspend in R&D as several new OES contracts were secured.

Significant events after the end of the financial year
The MAT organization has been restructured with effect from the beginning of 2018 with the introduction of a European General Manager to oversee the European Friction business.

Special risks
The weakness of the Chinese Yuan relative to the Euro is concern as Chinese competitors have a short term pricing advantage.

Research and development activities
R&D expenditure exceeded the budget in 2017. This overspend was primarily due to vehicle test requirements for new VW and Volvo OES programs.

Price pressure continues to be relentless in both North American and European markets. Following the recent integration of the Noyon and Marienheide activities R&D focus is now on developing lower cost product solutions.

Future expectations
Following a couple of years of flat sales, sales are expected to grow as several new business opportunities have been secured in 2018. However, actual sales will be dependent on a successful ramp up of these new programs.

Corporate social responsibility
Product development is focused on reducing the environmental impact of our products including the elimination of heavy metal and copper compounds.

Roulunds Braking Aps operates under common MAT Friction Group Human Resources Policy.

Target figures and policies for the underrepresented gender
The company focuses on increasing the number of female managers and in 2013 established target figures for how many of the underrepresented gender should sit on the board of directors. Further the company has prepared policies to ensure the right composition of gender in the management generally.

Target Figures
The company did meet the objective of having a minimum of 20% female board members at the end of 2017.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

		Group		Parent company	
	Note	2017 DKK '000	2016 DKK '000	2017 DKK '000	2016 DKK '000
NET REVENUE	1	**542.825**	**558.106**	**542.825**	**558.106**
Cost of sales		-398.458	-413.183	-418.473	-433.810
Other external expenses	2	-59.814	-59.073	-52.436	-51.307
GROSS PROFIT		**84.553**	**85.850**	**71.916**	**72.989**
Staff costs	3	-42.348	-41.438	-28.886	-27.712
Depreciation, amortisation and impairment		-10.597	-9.102	-9.440	-8.044
OPERATING PROFIT		**31.608**	**35.310**	**33.590**	**37.233**
Result of equity investments in group and associat		0	0	-2.176	-2.848
Other financial income		3.538	7	3.538	7
Other financial expenses		-3.756	-3.742	-3.747	-3.026
PROFIT BEFORE TAX		**31.390**	**31.575**	**31.205**	**31.366**
Tax on profit/loss for the year	4	-7.465	-8.021	-7.280	-7.812
PROFIT FOR THE YEAR	5	**23.925**	**23.554**	**23.925**	**23.554**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group 2017 DKK '000	Group 2016 DKK '000	Parent company 2017 DKK '000	Parent company 2016 DKK '000
Development projects completed		0	133	0	133
Knowhow		816	995	816	995
Goodwill		2.962	3.638	2.962	3.638
Consolidated goodwill		0	802	0	0
Intangible fixed assets	6	**3.778**	**5.568**	**3.778**	**4.766**
Land and buildings		38.873	20.429	38.873	20.429
Production plants and machinery		857	823	0	0
Other plants, machinery, tools and equipment		10.345	13.063	10.345	13.063
Leasehold improvements		336	174	336	174
Tangible fixed assets in progress and prepayment		4.004	12.001	4.004	12.001
Tangible fixed assets	7	**54.415**	**46.490**	**53.558**	**45.667**
Equity investments in group enterprises		0	0	2.491	4.564
Fixed asset investments	8	**0**	**0**	**2.491**	**4.564**
FIXED ASSETS		**58.193**	**52.058**	**59.827**	**54.997**
Raw materials and consumables		4.868	4.709	4.868	4.709
Finished goods and goods for sale		103.007	95.580	98.796	91.167
Inventories		**107.875**	**100.289**	**103.664**	**95.876**
Trade receivables		99.147	118.232	97.598	118.049
Receivables from group enterprises		12.213	9.914	12.147	8.956
Loan to group enterprises		0	0	893	893
Other receivables		16.657	7.286	15.837	6.482
Receivables corporation tax joint taxation		273	0	273	0
Receivables		**128.290**	**135.432**	**126.748**	**134.380**
Cash and cash equivalents		**5.755**	**5.957**	**5.192**	**4.717**
CURRENT ASSETS		**241.920**	**241.678**	**235.604**	**234.973**
ASSETS		**300.113**	**293.736**	**295.431**	**289.970**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group 2017 DKK '000	Group 2016 DKK '000	Parent company 2017 DKK '000	Parent company 2016 DKK '000
Share capital		2.560	2.560	2.560	2.560
Reserve for net revaluation according to equity valuation		0	0	0	300
Retained profit		178.012	153.986	178.012	153.686
EQUITY		**180.572**	**156.546**	**180.572**	**156.546**
Provision for deferred tax	9	1.115	1.255	1.115	1.255
PROVISION FOR LIABILITIES		**1.115**	**1.255**	**1.115**	**1.255**
Mortgage debt		13.400	0	13.400	0
Long-term liabilities	10	**13.400**	**0**	**13.400**	**0**
Short-term portion of long-term liabilities	10	928	4.338	928	4.338
Bank debt		10.065	21.710	10.065	21.710
Trade payables		13.414	21.258	9.876	16.992
Payables to group enterprises		71.464	77.141	72.647	80.094
Corporation tax		271	3.067	271	3.067
Other liabilities		8.884	8.421	6.557	5.968
Current liabilities		**105.026**	**135.935**	**100.344**	**132.169**
LIABILITIES		**118.426**	**135.935**	**113.744**	**132.169**
EQUITY AND LIABILITIES		**300.113**	**293.736**	**295.431**	**289.970**

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EQUITY

	Group			
	Share capital	Reserve for revaluation according to equity value	Retained profit	Total
Equity at 1 January 2017	2.560	0	153.986	156.546
Foreign exchange adjustments			101	101
Proposed distribution of profit			23.925	23.925
Equity at 31 December 2017	**2.560**	**0**	**178.012**	**180.572**

	Parent company			
	Share capital	Reserve for revaluation according to equity value	Retained profit	Total
Equity at 1 January 2017	2.560	300	153.686	156.546
Foreign exchange adjustments		101		101
Proposed distribution of profit		-401	24.326	23.925
Equity at 31 December 2017	**2.560**	**0**	**178.012**	**180.572**

The share capital has remained unchanged for the last 5 years.

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group		Parent company	
	2017 DKK '000	2016 DKK '000	2017 DKK '000	2016 DKK '000
Profit for the year	23.925	23.554	23.925	23.554
Reversed depreciation of the year	10.597	9.102	9.440	8.044
Profit/loss from subsidiaries	0	0	2.176	2.848
Reversed tax on profit for the year	7.465	8.021	7.280	7.812
Corporation tax paid	-10.674	-13.364	-10.489	-13.155
Change in inventory	-7.586	5.260	-7.788	2.322
Change in receivables	7.415	-105	7.905	-654
Change in current liabilities	-13.056	-12.123	-14.075	-11.976
CASH FLOWS FROM OPERATING ACTIVITY	**18.086**	**20.345**	**18.374**	**18.795**
Purchase of tangible fixed assets	-17.722	-34.818	-17.333	-34.508
Sale of tangible fixed assets	988	431	988	431
CASH FLOWS FROM INVESTING ACTIVITY	**-16.734**	**-34.387**	**-16.345**	**-34.077**
Proceeds from long-term borrowing	14.328	0	14.328	0
Repayments of loans	-4.338	-4.359	-4.338	-4.359
Other cash flows from financing activities	101	0	101	0
CASH FLOWS FROM FINANCING ACTIVITY	**10.091**	**-4.359**	**10.091**	**-4.359**
CHANGE IN CASH AND CASH EQUIVALENTS	**11.443**	**-18.401**	**12.120**	**-19.641**
Cash and cash equivalents at 1. januar	-15.753	2.648	-16.993	2.648
CASH AND CASH EQUIVALENTS AT 31. DECEMBER	**-4.310**	**-15.753**	**-4.873**	**-16.993**
Specification of cash and cash equivalents at 31 December:				
Cash and cash equivalents	5.755	5.957	5.192	4.717
Bank debt	-10.065	-21.710	-10.065	-21.710
CASH AND CASH EQUIVALENTS, NET DEBT	**-4.310**	**-15.753**	**-4.873**	**-16.993**

BDO

NOTES

	Group 2017 DKK '000	Group 2016 DKK '000	Parent company 2017 DKK '000	Parent company 2016 DKK '000	Note
Net revenue					1
Revenue, Denmark	16.529	14.219	16.529	14.219	
Revenue, Europe	526.296	543.887	526.296	543.887	
	542.825	**558.106**	**542.825**	**558.106**	
Segment details (geography)					
Revenue, Denmark	16.529	14.219	16.529	14.219	
Revenue, Europe	526.296	543.887	526.296	543.887	
	542.825	**558.106**	**542.825**	**558.106**	

	Group 2017 DKK '000	Group 2016 DKK '000	Parent company 2017 DKK '000	Parent company 2016 DKK '000	
Fee to statutory auditors					2
Statutory audit	518	518	295	295	
Other services	228	252	228	251	
	746	**770**	**523**	**546**	
Staff costs					3
Average number of employees Group: 99 (2016: 100) Parent company: 57 (2016: 56)					
Wages and salaries	36.712	36.474	25.523	24.643	
Pensions	3.960	3.466	2.336	2.203	
Social security costs	1.676	1.498	1.027	866	
	42.348	**41.438**	**28.886**	**27.712**	
Tax on profit for the year					4
Calculated tax on taxable income of the year	7.605	8.565	7.420	8.356	
Adjustment of deferred tax	-140	-544	-140	-544	
	7.465	**8.021**	**7.280**	**7.812**	

NOTES

	Group		Parent company		
	2017 DKK '000	2016 DKK '000	2017 DKK '000	2016 DKK '000	Note
Proposed distribution of profit					5
Reserve for net revaluation according to equity value	0	0	-401	-2.047	
Accumulated profit	23.925	23.554	24.326	25.601	
	23.925	**23.554**	**23.925**	**23.554**	

Intangible fixed assets 6

	Group		
	Development projects completed	Knowhow	Goodwill
Cost at 1 January 2017	11.715	1.786	6.572
Cost at 31 December 2017	**11.715**	**1.786**	**6.572**
Amortisation at 1 January 2017	11.582	791	2.935
Depreciation for the year	133	179	675
Depreciation at 31 December 2017	**11.715**	**970**	**3.610**
Carrying amount at 31 December 2017	**0**	**816**	**2.962**

	Parent company		
	Development projects completed	Knowhow	Goodwill
Cost at 1 January 2017	11.715	1.786	6.572
Cost at 31 December 2017	**11.715**	**1.786**	**6.572**
Amortisation at 1 January 2017	11.582	791	2.935
Depreciation for the year	133	179	675
Depreciation at 31 December 2017	**11.715**	**970**	**3.610**
Carrying amount at 31 December 2017	**0**	**816**	**2.962**

NOTES

Note

Tangible fixed assets

7

	Group		
	Land and buildings	Production plants and machinery	Other plants, machinery, tools and equipment
Cost at 1 January 2017	20.773	1.920	39.692
Transferred	10.462	0	1.152
Additions	9.098	389	4.458
Disposals	0	0	-2.244
Cost at 31 December 2017	**40.333**	**2.309**	**43.058**
Depreciation and impairment losses at 1 January 2017	344	1.097	26.629
Transferred	0	0	59
Reversal of depreciation of assets disposed of	0	0	-1.309
Depreciation for the year	1.116	355	7.334
Depreciation and impairment losses at 31 December 2017	**1.460**	**1.452**	**32.713**
Carrying amount at 31 December 2017	**38.873**	**857**	**10.345**

	Group	
	Leasehold improvements	Tangible fixed assets in progress and prepayment
Cost at 1 January 2017	2.418	12.001
Transferred	-176	-11.438
Additions	336	3.441
Disposals	-179	0
Cost at 31 December 2017	**2.399**	**4.004**
Depreciation and impairment losses at 1 January 2017	2.244	
Transferred	-59	
Reversal of depreciation of assets disposed of	-122	
Depreciation and impairment losses at 31 December 2017	**2.063**	
Carrying amount at 31 December 2017	**336**	**4.004**

NOTES

Note

Tangible fixed assets (continued) 7

	Parent company	
	Land and buildings	Other plants, machinery, tools and equipment
Cost at 1 January 2017	20.773	39.692
Transferred	10.462	1.152
Additions	9.098	4.458
Disposals	0	-2.244
Cost at 31 December 2017	**40.333**	**43.058**
Depreciation and impairment losses at 1 January 2017	344	26.629
Transferred	0	59
Reversal of depreciation of assets disposed of	0	-1.309
Depreciation for the year	1.116	7.334
Depreciation and impairment losses at 31 December 2017	**1.460**	**32.713**
Carrying amount at 31 December 2017	**38.873**	**10.345**

	Parent company	
	Leasehold improvements	Tangible fixed assets in progress and prepayment
Cost at 1 January 2017	2.284	12.001
Transferred	-176	-11.438
Additions	336	3.441
Disposals	-179	0
Cost at 31 December 2017	**2.265**	**4.004**
Depreciation and impairment losses at 1 January 2017	2.110	
Transferred	-59	
Reversal of depreciation of assets disposed of	-122	
Depreciation and impairment losses at 31 December 2017	**1.929**	
Carrying amount at 31 December 2017	**336**	**4.004**

NOTES

Note

Fixed asset investments 8

	Parent company Equity investments in group enterprises
Cost at 1 January 2017	7.468
Additions	0
Disposals	0
Cost at 31 December 2017	**7.468**
Revaluation at 1 January 2017	300
Exchange adjustment	101
Revaluation and impairment losses for the year	-401
Revaluation at 31 December 2017	**0**
Impairment losses and amortisation of goodwill at 1 January 2017	3.204
Impairment losses for the year	1.773
Impairment losses and amortisation of goodwill at 31 December 2017	**4.977**
Carrying amount at 31 December 2017	**2.491**

Investments in subsidiaries (DKK '000)

Company	Equity	Profit/loss for the year	Ownership %
Formar Polen Sp. Z o.o., Polen	2.394	563	100 %
Roulunds Braking France SAS, France	97	-1.935	100 %
Consolidated goodwill, Polen	-	-802	100 %

NOTES

Note

Provision for deferred tax 9

Provision for deferred tax comprises deferred tax on intangible fixed assets, tangible fixed assets and other receivables.

	Group		Parent company	
	2017 DKK '000	**2016** DKK '000	**2017** DKK '000	**2016** DKK '000
Development projects completed	0	29	0	29
Knowhow	123	107	123	107
Goodwill	445	387	445	387
Land and buildings	149	51	149	51
Other plants, machinery, tools and equipment	-293	448	-293	448
Leasehold improvements	15	38	15	38
Other receivables	676	195	676	195
	1.115	**1.255**	**1.115**	**1.255**
Balance, beginning of year	1.255	1.800	1.255	1.800
Adjustment for the year	-140	-545	-140	-545
Provision for deferred tax 31 December 2017	**1.115**	**1.255**	**1.115**	**1.255**

Long-term liabilities 10

	Group			
	1/1 2017 total liabilities	31/12 2017 total liabilities	Repayment next year	Debt outstanding after 5 years
Mortgage debt	0	14.328	928	9.843
Bank loan	4.338	0	0	0
	4.338	**14.328**	**928**	**9.843**

	Parent company			
	1/1 2017 total liabilities	31/12 2017 total liabilities	Repayment next year	Debt outstanding after 5 years
Mortgage debt	0	14.328	928	9.843
Bank loan	4.338	0	0	0
	4.338	**14.328**	**928**	**9.843**

NOTES

Note

Contingencies etc. 11

The company has in addition to finance lease contracts entered into operating rent and lease agreements with an average annual lease payment of DKK (000) 4,483 up to 5 years.

Contingent liabilities

Joint taxation

The Danish companies of the group are jointly and severally liable for tax on the group income subject to joint taxation and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.
Tax payable of the group income subject to joint taxation amounts to DKK (‘000) 271 at the balance sheet date.

Charges and securities 12

Land and buildings with a carrying amount of DKK('000) 38,873 have been provided as security for mortgage debt off DKK('000) 14,328.

Related parties 13

Roulunds Braking ApS' related parties include:

Controlling interest

MAT Holdings Inc. is the principal shareholder.
MAT Holdings Inc.
6700 Wildlife Way
Long Grove, IL 60047, U.S.A.

Other related parties having performed transactions with the company

Roulunds Braking ApS' related parties with a significant influence comprise subsidiaries and associates as well as the companies’ board of directors, board of executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related partiesterial interests.

Roulunds Braking ApS did not carry out any substantial transactions that were not concluded on market conditions.

ACCOUNTING POLICIES

The annual report of Roulunds Braking ApS for 2017 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.

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

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

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

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

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

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

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 and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

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

Other external expenses
Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational 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 in general
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 on profit for the year
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.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets
Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 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 conditions.

Patents, knowhow and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Tangible fixed assets
Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. 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.

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...	30 years	0 %
Production plant and machinery..	3-7 years	0 %
Other plants, fixtures and equipment...	3-7 years	0 %
Leasehold improvements..	5 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 calculated in accordance with the acquisition method.

In connection with purchase of companies the purchase method is applied. Added values in the form of consolidated goodwill are amortised over the estimated financial useful life, which is determined based on management's experience within the individual lines of business.

ACCOUNTING POLICIES

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 is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value. The acquisition method is used on purchase of subsidiaries, see description above under consolidated financial statements.

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

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

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

Inventories
Inventories are measured at cost based on weigted awerage prices. If the net realisable value is lower than cost, write-down is provided 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.

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

ACCOUNTING POLICIES

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 would 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.

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

CASH FLOW STATEMENT

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

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.