J. Norby Holding ApS

Katterhøjvej 27
DK-8270 Højbjerg

CVR no. 27 33 15 99

Annual report 2018

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

on 1 April 2019

chairman of the annual general meeting

Contents

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of J. Norby Holding ApS for the financial year 1 January – 31 December 2018.

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

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

Further, in my opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

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

Aarhus, 29 March 2019
Executive Board:

Jacob Norby
CEO

Independent auditor's report

To the shareholder of J. Norby Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of J. Norby Holding ApS for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

KPMG

Independent auditor's report

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

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

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

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

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 29 March 2019
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Steffen S. Hansen
State Authorised
Public Accountant
mne32737

Management's review

Company details

J. Norby Holding ApS
Katterhøjvej 27
DK-8270 Højbjerg

CVR no.	27 33 15 99
Registered office:	Aarhus
Established	29 August 2003
Financial year:	1 January – 31 December

Executive Board

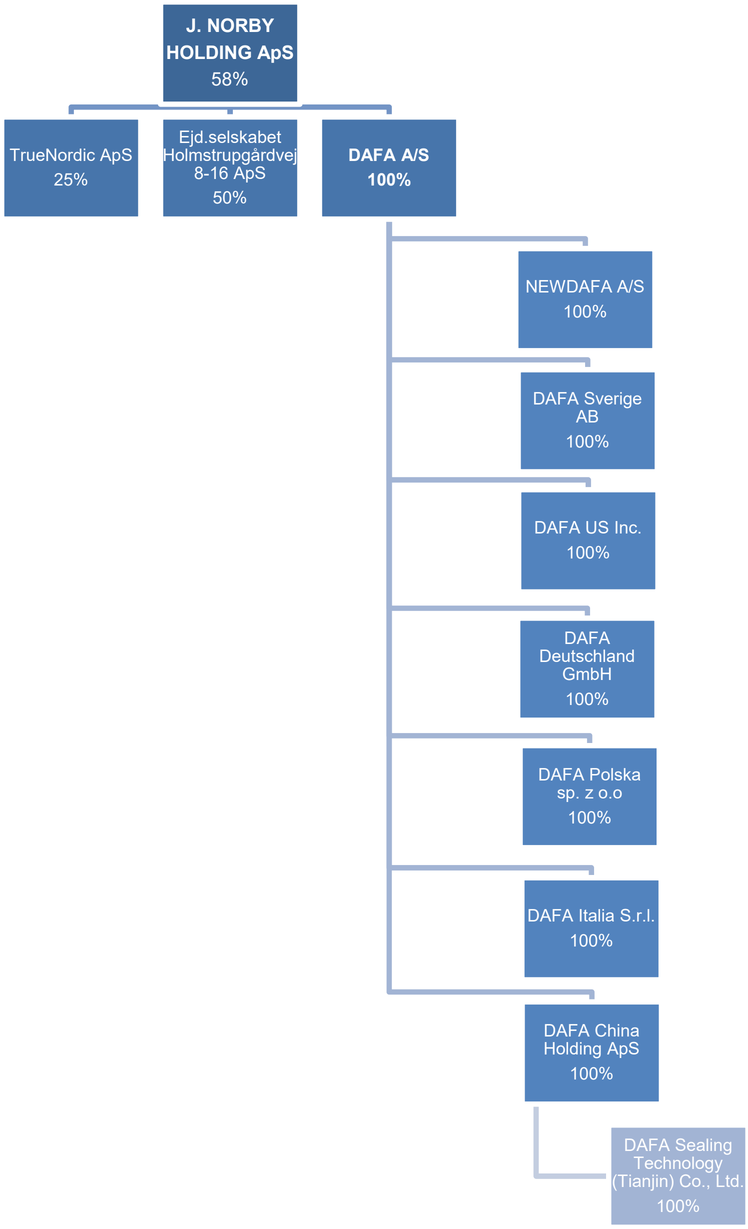
Jacob Norby

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2018	2017	2016	2015	2014
Revenue	463,315	427,626	362,932	340,296	279,855
Gross profit	169,050	156,877	132,370	111,178	102,923
EBITDA	29,402	10,585	28,384	28,168	23,898
Ordinary operating profit	28,838	13,174	28,060	28,311	24,124
Profit/loss from financial income and expenses	-1,715	2,783	1,733	3,624	5,008
Profit for the year	20,085	8,261	23,537	25,042	14,254
Total assets	415,995	430,467	409,655	220,169	197,405
Investments in property, plant and equipment	14,540	10,724	44,981	9,123	9,183
Equity	218,516	205,212	195,872	181,350	131,164
Cash flows from operating activities	56,080	595	41,304	8,458	31,658
Cash flows from investing activities	-15,949	-26,776	-166,887	-9,571	-12,978
Cash flows from financing activities	-19,069	-18,155	57,580	-7,768	-13,351
Total cash flows	21,062	-44,336	-68,003	-8,881	5,329
Return on invested capital	6.8%	3.1%	8.9%	13.6%	12.1%
Return on equity	9.5%	4.1%	12.5%	16.0%	11.4%
Solvency ratio	39.7%	37.0%	37.3%	65.1%	50.0%
Average number of full-time employees	319	316	231	152	152

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

Return on invested capital $\frac{\text{Operating profit x 100}}{\text{Average invested capital}}$

Return on equity $\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$

Solvency ratio $\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$

Management's review

Operating review

Principal activities

The Group's main activities produce sustainable, long-lasting foam and rubber solutions which seal, absorb and protect through DAFA A/S and investment in securities and properties.

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

The goal is that customers experience added value by collaborating with DAFA and that they choose DAFA as the preferred supplier.

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

DAFA's business model

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

Development in activities and financial position

After an unsatisfactory year in 2017, performance is now back at the same level as realised in both 2015 and 2016. The Group reported a profit of DKK 20.1 million for 2018, and at 31 December 2018, equity of the Group stood at DKK 218.5 million.

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

Despite the above mentioned, the overall financial performance marked a considerable improvement in 2018 compared to 2017. Revenue grew by 8.3% compared to 2017. EBIT amounted to DKK 29.4 million in 2018 which is an improvement of DKK 18.8 million compared to 2017. EBT was DKK 27.7 million, accounting for an improvement of DKK 14.3 million on 2017.

Cash flows

Cash flows from operating activities totalled DKK 56.1 million (2017: DKK 0.6 million) which is considered satisfactory. Total investment costs in 2018 reached DKK 15.9 million (2017: DKK 26.8 million).

As of 31 December 2018, net interest-bearing debt was DKK 1.4 million, representing an improvement of DKK 21.1 million on 31 December 2017.

Capital structure

J. Norby Holding had a solvency ratio of 39.7% at 31 December 2018. The current capital structure and credit facilities provide the flexibility required to fully support the future strategy of the Group.

Management's review

Operating review

Outlook

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

Group structure

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

Particular risks

In the J. Norby Holding ApS Group, risk is a natural part of the way the business is operating. Efficient risk management secures that the risk is revaluated and addressed daily to reduce the risk to a minimum. Management has the overall responsibility for risk management and for establishing, identifying and controlling the risk.

Operating risks

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

Market risks

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

Currency risks

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

Interest rate risks

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

Credit risks

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

Management's review

Operating review

Research and development activities

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

Intellectual capital

It is essential for the Group's continued growth to retain and develop employees; therefore, significant resources are allocated to these efforts.

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

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

Events after the balance sheet date

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

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

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

www.unglobalcompact.org

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

Impact on environment

The Group acts responsibly with a strong focus on reducing its environmental impact, and in 2016 the environmental policy was implemented, and once a year Management reviews the targets, actions and results.

Management's review

Operating review

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

Strategic supplier must follow ISO 14001, and in case the strategic supplier does not have an ISO 14001 certificate, DAFA performs supplier audit, where the supplier must explain and document their environmental policy. In 2018, six supplier audits were performed, and none of them gave rise to any remarks.

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

Impact on climate

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

Anti-corruption and bribery

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

Social and staff matters

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

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

Management's review

Operating review

Impact of human rights

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

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

Non-financial KPIs

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

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

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

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

Diversity in other management levels

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

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

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

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

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

Income statement

		Group		Parent Company	
DKK'000	Note	2018	2017	2018	2017
Revenue	2	463,315	427,626	2,335	2,299
Other operating income		226	402	0	0
Cost of sales		-223,191	-203,442	0	0
Other external costs		-71,300	-67,709	-825	-786
Gross profit		169,050	156,877	1,510	1,513
Staff costs	3	-119,419	-124,537	-396	-451
Depreciation, amortisation and impairment	4	-20,793	-19,166	-476	-642
Ordinary operating profit		28,838	13,174	638	420
Other operating costs		-11	-2,589	0	0
Operating profit		28,827	10,585	638	420
Income from equity investments in group entities	5	0	0	11,569	1,536
Income from equity investments in associates	6	575	0	575	0
Financial income		2,942	7,922	1,713	6,914
Financial expenses		-4,657	-5,139	-2,750	-134
Profit before tax		27,687	13,368	11,745	8,736
Tax on profit for the year	7	-7,602	-5,107	-38	-1,588
Profit for the year	8	20,085	8,261	11,707	7,148

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

Balance sheet

		Group		Parent Company	
DKK'000	Note	2018	2017	2018	2017
ASSETS					
Fixed assets					
Intangible assets	9				
Goodwill		51,059	57,845	0	0
Completed development projects		743	1,347	0	0
Acquired other similar rights		280	536	0	0
Software		1,961	0	0	0
		54,043	59,728	0	0
Property, plant and equipment	10				
Land and buildings		76,037	75,457	32,430	29,897
Plant and machinery		36,078	30,267	0	0
Fixtures and fittings, tools and equipment		4,409	9,185	0	0
Leasehold improvements		4,515	1,991	0	0
Prepayments for property, plant and equipment		860	6,876	0	0
		121,899	123,776	32,430	29,897
Financial assets					
Equity investments in group entities	5	0	0	73,659	63,412
Equity investments in associates	6	1,000	5,125	1,000	5,125
Receivables from associates	11	6,399	6,153	6,399	6,153
Other equity investments	11	5,550	0	5,550	0
Other receivables	11	3,268	1,565	0	0
		16,217	12,843	86,608	74,690
Total fixed assets		192,159	196,347	119,038	104,587

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

Balance sheet

		Group		Parent Company	
DKK'000	Note	2018	2017	2018	2017
ASSETS (continued)					
Current assets					
Inventories					
Raw materials and consumables		22,508	32,565	0	0
Work in progress		3,491	2,975	0	0
Finished goods and goods for resale		34,481	32,684	0	0
Prepayments for goods		0	1,560	0	0
		60,480	69,784	0	0
Receivables					
Trade receivables		86,672	71,066	0	0
Receivables from group entities		0	0	1,669	0
Other receivables		1,916	3,206	85	135
Deferred tax asset	12	0	0	548	445
Corporation tax		0	461	0	2,485
Prepayments	13	1,664	1,558	0	0
		90,252	76,291	2,302	3,065
Securities and equity investments		66,015	75,400	63,053	71,688
Cash at bank and in hand		7,089	12,645	776	2,729
Total current assets		223,836	234,120	66,131	77,482
TOTAL ASSETS		415,995	430,467	185,169	182,069

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

Balance sheet

		Group		Parent Company	
DKK'000	Note	2018	2017	2018	2017
EQUITY AND LIABILITIES					
Equity					
Contributed capital	14	213	213	213	213
Reserve for net revaluation according to the equity method		0	0	30,372	54,170
Proposed dividend		2,000	0	2,000	0
Retained earnings		162.964	159,079	132,592	104,909
Shareholders in J. Norby Holding ApS share of equity		165,177	159,292	165,177	159,292
Non-controlling interests		53,339	45,920	0	0
Total equity		218,516	205,212	165,177	159,292
Provisions					
Provisions for deferred tax	12	3,948	4,374	0	0
Other provisions	15	184	784	0	0
Total provisions		4,132	5,158	0	0
Liabilities other than provisions					
Non-current liabilities	16				
Mortgage debt		27,550	40,930	15,050	15,930
Lease obligations		1,235	2,110	0	0
		28,785	43,040	15,050	15,930
Current liabilities					
Mortgage debt	16	13,367	13,414	867	914
Lease obligations	16	766	787	0	0
Credit institutions		74,522	110,525	8	0
Trade payables		51,406	32,102	79	136
Payables to group entities		0	0	24	4,445
Corporation tax		3,863	0	2,096	0
Other payables		20,638	20,229	1,868	1,352
		164,562	177,057	4,942	6,847
Total liabilities other than provisions		193,347	220,097	19,992	22,777
TOTAL EQUITY AND LIABILITIES		415,995	430,467	185,169	182,069

Fees to auditors	17
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Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

	Group					
DKK'000	Contri-buted capital	Retained earnings	Proposed dividend	Total	Non-con-trolling interests	Total equity
Equity at 1 January 2018	213	159,079	0	159,292	45,920	205,212
Distributed extraordinary dividends	0	-4,500	0	-4,500	0	-4,500
Transferred over the profit appropriation	0	9,707	2,000	11,707	8,378	20,085
Exchange rate adjustment, foreign subsidiary	0	-1,322	0	-1,322	-959	-2,281
Equity at 31 December 2018	213	162,964	2,000	165,177	53,339	218,516

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

Statement of changes in equity

	Parent Company					
DKK'000	Contri-buted capital	Net reva-luation according to the equity method	Reserve for devel-opment costs	Retained earnings	Proposed dividend	Total
Equity at 1 January 2018	213	54,170	0	104,909	0	159,292
Distributed extraordinary dividends	0	0	0	-4,500	0	-4,500
Transferred over the profit appropriation	0	-23,798	0	33,505	2,000	11,707
Exchange rate adjustment, foreign subsidiary	0	0	0	-1,322	0	-1,322
Equity at 31 December 2018	213	30,372	0	132,592	2,000	165,177

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

Cash flow statement

		Group	
DKK'000	Note	2018	2017
Profit for the year		20,085	8,261
Other adjustments of non-cash operating items	20	29,122	18,305
Cash generated from operations before changes in working capital		49,207	26,566
Changes in working capital	21	12,292	-21,244
Cash generated from operations		61,499	5,322
Financial income		2,942	7,922
Financial expenses		-4,657	-5,139
Corporation tax paid		-3,704	-7,510
Cash flows from operating activities		56,080	595
Acquisition of intangible assets		-760	-632
Acquisition of property, plant and equipment		-14,540	-10,724
Disposal of property, plant and equipment		776	0
Acquisition of subsidiaries and activities		0	-2,099
Disposal of equity investments in associates		4,125	0
Acquisition of other investments		-5,550	0
Acquisition of business		0	-13,321
Cash flows from investing activities		-15,949	-26,776
External financing:			
Repayment of long-term debt		-13,427	-13,424
Reduction of lease obligations		-896	-1,231
Increase in receivable from associate entities		-246	0
Shareholders:			
Distributed dividends		-4,500	-3,500
Cash flows from financing activities		-19,069	-18,155
Cash flows for the year		21,062	-44,336
Cash and cash equivalents at the beginning of the year		-22,480	21,856
Cash and cash equivalents at year end	22	-1,418	-22,480

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

Notes

1 Accounting policies

The annual report of J. Norby Holding ApS for 2018 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

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

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

Consolidated financial statements

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

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

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

Business combinations

Acquisitions

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

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

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

Non-controlling interests

Items of subsidiaries are fully recognised in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' profit and of equity is included as part of the Group's profit and equity, respectively, but is presented separately.

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

Notes

1 Accounting policies (continued)

Foreign currency translation

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

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

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

Income statement

Revenue

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

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

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

Costs of raw materials and consumables

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

Other external costs

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

Staff expenses

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

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

Notes

1 Accounting policies (continued)

Other operating income and costs

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

Income from equity investments in group entities

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

Income from equity investments in associates

Dividends from investments in associates and profit/loss from sale of shares in invest in associates are recognised in the Group's and Parent Company's income statements.

Financial income and expenses

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

Tax on profit for the year

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

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

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

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

Balance sheet

Intangible assets

Goodwill

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

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

Notes

1 Accounting policies (continued)

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

Development projects

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

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

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

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

Acquired other similar rights

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

Software

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

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

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

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

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

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

Notes

1 Accounting policies (continued)

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

Land is not depreciated.

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

Investments

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

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

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

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

Investments in associates and other investments are recognised and measured at cost.

Other financial assets

Other financial assets consist of deposits and are recognised and measured at cost.

Impairment of fixed assets

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

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

Leases

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

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

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

Notes

1 Accounting policies (continued)

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

Inventories

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

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

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

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

Receivables

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

Prepayments and deferred income

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

Current asset investments

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

Equity

Dividends

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

Net revaluation reserve according to the equity method

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

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

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

Reserves cannot be recognised at a negative amount.

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

Notes

1 Accounting policies (continued)

Reserve for development costs

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

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

Corporation tax and deferred tax

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

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

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

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

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

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

Notes

1 **Accounting policies (continued)**

Cash flow statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

Segment information

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

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

Notes

2 Segment information

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

Geographical

DKK'000	Group: Scandi-navia	Rest of Europe	Rest of the world	Total
2018				
Revenue	242,676	150,822	69,817	463,315

3 Staff costs and incentive schemes

DKK'000	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Wages and salaries	101,056	106.201	375	451
Pensions	5,250	5.085	1	0
Other social security costs	7,191	6.620	0	0
Other staff expenses	5,922	6.631	20	0
	119,419	124.537	396	451
Average number of full-time employees	319	316	1	1

With reference to the Danish Financial Statements Act Section 98b (2), no disclosure of remuneration to the Parent Company's Executive Board has been made.

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

DKK'000	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Amortisation of intangible assets	8,593	7,632	0	0
Depreciation of property, plant and equipment	12,200	11,534	476	642
	20,793	19,166	476	642

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5 Equity investments in group entities

	Parent Company	
DKK'000	2018	2017
Cost at 1 January 2018	43,286	43,286
Cost at 31 December 2018	43,286	43,286
Value adjustments at 1 January 2018	20,126	15,934
Profit for the year	11,569	1,536
Dividends to the Parent Company	0	0
Exchange adjustment	-1,322	2,656
Value adjustments at 31 December 2018	30,373	20,126
Carrying amount at 31 December 2018	73,659	63,412

Name/legal form	Registered office	Contributed capital	Votes and ownership
Subsidiaries:			
DAFA A/S	Aarhus	5,000,000 (DKK)	58%
DAFA China Holding ApS	Denmark	125,000 (DKK)	100%
DAFA Sealing Technology (Tianjin) Co., Ltd. (indirect ownership)	China	5,184,548 (CNY)	100%
DAFA Sverige AB (indirect ownership)	Sweden	100,000 (SEK)	100%
DAFA Deutschland GmbH (indirect ownership)	Germany	25,000 (EUR)	100%
DAFA US Inc. (indirect ownership)	USA	20,000 (USD)	100%
DAFA Polska sp. Z o.o. (indirect ownership)	Poland	2,196,000 (PLN)	100%
DAFA Italia S.r.l (indirect ownership)	Italy	10,000 (EUR)	100%
NEWDAFA A/S (indirect ownership)	Denmark	500,000 (DKK)	100%

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Notes

6 Equity investments in associates

	Parent Company	
DKK'000	2018	2017
Cost at 1 January 2018	5,145	5,145
Disposal	-4,125	
Cost at 31 December 2018	1,020	5,145
Value adjustments at 1 January 2018	-20	-20
Value adjustments at 31 December 2018	-20	-20
Carrying amount at 31 December 2018	1,000	5,125

Name/legal form	Registe-red office	Contri-buted capital DKK'000	Votes and owner-ship	Equity DKK'000	Profit/loss for the year DKK'000
Associates:					
TrueNordic ApS*	Thisted	80	30%	-1,012	-85
Ejendomsselskabet Holmstrupgårdvej 8-16 ApS	Aarhus	2,000	50%	14,075	3,112
				13,063	3,027

* Listed financial statement captions are from the financial statements for 2017.

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		Group		Parent Company	
	DKK'000	2018	2017	2018	2017
7	**Tax on profit for the year**				
	Current tax for the year	8,028	6,764	141	1,728
	Deferred tax adjustment for the year	-426	-1,714	-103	-140
	Adjustment of tax concerning previous years	0	57	0	0
		7,602	5,107	38	1,588
8	**Proposed profit appropriation**				
	Reserve for net revaluation according to the equity method	0	0	-23,798	2,655
	Distributed extraordinary dividends	4,500	3,500	4,500	3,500
	Non-controlling interests	8,378	1,113	0	0
	Retained earnings	7,207	3,648	31,005	993
		20,085	8,261	11,707	7,148

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9 Intangible assets

	Group				
DKK'000	Goodwill	Completed development projects	Software	Acquired other similar rights	Total
Cost at 1 January 2018	67,687	3,489	0	2,957	74,133
Additions	0	210	472	78	760
Disposals	0	-1,333	-87	0	-1,420
Transferred	0	0	3,580	0	3,580
Cost at 31 December 2018	67,687	2,366	3,965	3,035	77,053
Amortisation and impairment losses at 1 January 2018	-9,842	-2,142	0	-2,421	-14,405
Amortisation	-6,786	-813	-660	-334	-8,593
Transferred	0	0	-1,431	0	-1,431
Reversed amortisation and impairment losses on assets sold	0	1,332	87	0	1,419
Amortisation and impairment losses at 31 December 2018	-16,628	-1,623	-2,004	-2,755	-23,010
Carrying amount at 31 December 2018	51,059	743	1,961	280	54,043

Completed development projects

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

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

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

Notes

10 Property, plant and equipment

	Group					
DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Prepayments for property, plant and equipment	Total
Cost at 1 January 2018	85,157	108,739	55,192	3,033	6,876	258,997
Foreign exchange adjustments in foreign entities	-1,052	-815	-101	0	-107	-2,075
Additions	3,287	7,435	469	434	2,915	14,540
Transferred	0	6,891	-4,102	2,455	-8,824	-3,580
Disposals	0	-5,533	-3,075	-33	0	-8,641
Cost at 31 December 2018	87,392	116,717	48,383	5,889	860	259,241
Depreciation and impairment losses at 1 January 2018	-9,700	-78,472	-46,007	-1,042	0	-135,221
Foreign exchange adjustments in foreign entities	210	514	58	0	0	782
Depreciation	-1,866	-8,209	-1,760	-365	0	-12,200
Transferred	0	0	1,431	0	0	1,431
Reversed depreciation and impairment losses	0	5,528	2,304	33	0	7,865

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10 Property, plant and equipment (continued)

	Group					
DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Prepayments for property, plant and equipment	Total
Depreciation and impairment losses at 31 December 2018	-11,355	-80,639	-43,974	-1,374	0	-137,342
Carrying amount at 31 December 2018	76,037	36,078	4,409	4,515	860	121,899
Assets held under finance leases	0	2,434	0	0	0	2,434

	Parent Company
DKK'000	Land and buildings
Cost at 1 January 2018	31,074
Additions	3,009
Disposals	0
Cost at 31 December 2018	34,083
Depreciation and impairment losses at 1 January 2018	-1,177
Depreciation	-476
Depreciation and impairment losses at 31 December 2018	-1,653
Carrying amount at 31 December 2018	32,430

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

Notes

11 Other financial assets

DKK'000	Group Receivables from associates	 Other equity investments	 Other receivables	 Total
Cost at 1 January 2018	6,153	0	1,565	7,718
Additions	246	5,550	1,703	7,499
Cost at 31 December 2018	6,399	5,550	3,268	15,217
Carrying amount at 31 December 2018	6,399	5,550	3,268	15,217

Of the total financial asset connected to receivables from associates of DKK 6,399 thousand, DKK 470 thousand falls due in 2019.

DKK'000	Parent Company Receivables from associates	 Other equity investments	 Total
Cost at 1 January 2018	6,153	0	6,153
Additions	246	5,550	5,796
Cost at 31 December 2018	6,399	5,550	11,949
Carrying amount at 31 December 2018	6,399	5,550	11,949

Of the total financial asset connected to receivables from associates of DKK 6,399 thousand, DKK 470 thousand falls due in 2019.

12 Deferred tax

	Group		Parent Company	
DKK'000	2018	2017	2018	2017
Deferred tax at 1 January	-4,374	-6,115	445	305
Deferred tax adjustment for the year in the income statement	426	1,714	103	140
Tax on equity transactions	0	27	0	0
	-3,948	-4,374	548	445

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

Notes

13 Prepayments

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

14 Contributed capital

All shares rank equally.

15 Other provisions

	Group		Parent Company	
DKK'000	2018	2017	2018	2017
Other provisions at 1 January	784	0	0	0
Adjustment for the year	-600	784	0	0
	184	784	0	0

Other provisions comprise anticipated costs related to product warranties.

16 Non-current liabilities other than provisions

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

	Group		Parent Company	
DKK'000	2018	2017	2018	2017
Mortgage debt:				
0-1 years	13,367	13,414	867	914
1-5 years	16,935	28,662	4,435	3,662
After 5 years	10,615	12,268	10,615	12,268
	40,917	54,344	15,917	16,844
Lease obligations:				
0-1 years	766	787	0	0
1-5 years	1,235	2,110	0	0
	2,001	2,897	0	0
Total non-current liabilities other than provisions	42,918	57,241	15,917	16,844

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

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17 Fees to auditor appointed at the general meeting

	Group		Parent Company	
DKK'000	2018	2017	2018	2017
Total fees to appointed auditor	800	855	48	74
Statutory audit	345	340	25	40
Tax assistance	376	238	0	0
Non-audit services	79	277	23	34
	800	855	48	74

18 Contractual obligations, contingencies, etc.

Operating lease obligations

0-1 year	6,466	5,776	0	0
1-5 years	1,045	3,189	0	0
	7,511	8,965	0	0

Other contingent liabilities

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

Collateral

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

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

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

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

For the mortgage of DKK 15,917 thousand, the Company has provided collateral secured upon its land and buildings with a carrying amount of DKK 29,420 thousand as of 31 December 2018.

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

Notes

19 Related parties

J. Norby Holding ApS' related parties comprise the following:

Ownership

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

Jacob Norby, Aarhus C, Denmark

Related party transactions

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

20 Other adjustments

	Group	
DKK'000	2018	2017
Financial income	-2,942	-7,922
Financial expenses	4,657	5,139
Tax on profit for the year	7,602	5,107
Depreciation, amortisation and impairment losses, including losses and gains on sales	20,793	19,166
Exchange adjustments in equity	-2,281	-4,087
Exchange adjustments of fixed assets	1,293	902
	29,122	18,305

21 Changes in working capital

Change in inventories	9,304	-17,262
Change in receivables	-16,125	-13,013
Change in other provisions	-600	784
Change in trade and other payables	19,713	8,247
	12,292	-21,244

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

Notes

22 Cash and cash equivalents

	Group	
DKK'000	2018	2017
Cash and cash equivalents at 31 December comprise:		
Cash at bank and in hand	7,089	12,645
Current asset investments	66,015	75,400
Overdraft facility	-74,522	-110,525
Cash and cash equivalents at 31 December	-1,418	-22,480