

# Buk-Auto A/S

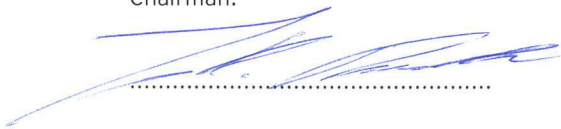
Havnepladsen 3 A, st. tv., 5700 Svendborg

CVR no. 27 34 23 96

## Annual report 2018

Approved at the Company's annual general meeting on 26 April 2019

Chairman:



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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Buk-Auto A/S for the financial year 1 January - 31 December 2018.

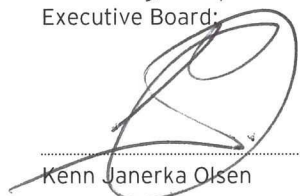
The annual report is prepared in accordance with the Danish Financial Statements Act.

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

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

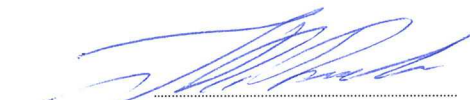
We recommend that the annual report be approved at the annual general meeting.

Svendborg, 26 April 2019  
Executive Board:



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Kenn Janerka Olsen

Board of Directors:



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Jørn Hasselriis Raaschou  
Chairman



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Kim Ole Vandbæk                      Leonid Zikeev



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Kenn Janerka Olsen

## Independent auditor's report

### To the shareholders of Buk-Auto A/S

#### Opinion

We have audited the consolidated financial statements and the parent company financial statements of Buk-Auto A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. 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 financial position of the Group and the Parent Company at 31 December 2018, and of the results of the Group's and Parent Company's operations as well as the 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" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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.

#### Management's responsibilities for the 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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the 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 the 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:

## Independent auditor's report

- ▶ Identify and assess the risks of material misstatement of the 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 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 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 financial statements, including the note disclosures, and whether the 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 the Management's review

Management is responsible for the Management's review.


Our opinion on the 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 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 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 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 the Management's review.

Odense, 26 April 2019  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

  
Brian Skovhus Jakobsen  
State Authorised Public Accountant  
mne27701



## Management's review

### Company details

Name	Buk-Auto A/S
Address, Postal code, City	Havnepladsen 3 A, st. tv., 5700 Svendborg
CVR no.	27 34 23 96
Established	15 September 2003
Registered office	Svendborg
Financial year	1 January - 31 December
Website	<a href="http://www.bukauto.com">www.bukauto.com</a>
Telephone	+45 62 22 88 88
Board of Directors	Jørn Hasselriis Raaschou, Chairman Kim Ole Vandbæk Leonid Zikeev Kenn Janerka Olsen
Executive Board	Kenn Janerka Olsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark

## Management's review

### Financial highlights for the Group

DKKt	2018	2017	2016	2015	2014
<b>Key figures</b>					
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	4,362	16,226	5,181	2,256	-1,197
Net financials	-3,388	-7,570	-2,499	-695	-1,130
Profit/loss for the year	635	6,368	1,852	2,252	5,019
Total assets	89,863	175,263	111,570	60,701	45,792
Equity	17,128	30,171	28,944	20,206	17,954
Investment in property, plant and equipment	-87	-96	0	0	0
<b>Financial ratios</b>					
Return on assets	3.2%	11.2%	5.8%	3.5%	-1.8%
Current ratio	128.1%	120.5%	129.3%	89.4%	72.0%
Equity ratio	19.1%	14.7%	25.9%	33.3%	39.2%
Return on equity	3.0%	23.0%	0.0%	11.8%	32.5%
Average number of employees	14	16	14	5	5

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

The key figures for 2015 and 2014 are the accounting figures for the parent company, as group figures for these years are not available.

## **Management's review**

### **Business review**

The Company is similar to previous years engaged in trading with specialized vehicles.

### **Financial review**

The Company has continued its normal activities. There has not been any isolated events during the year that require mentioning in the Management's review.

The result for the year is a profit at DKK 635 thousand which is a negative development compared to the profit in 2017 at DKK 6.368 thousand.

The result for the year is lower than expected and thus not satisfactory.

### **Special risks**

The Company has no special risks besides what is common for the business it operates in.

### **Impact on the external environment**

The Company has no effect on the external environment besides what is to be expected by an office environment.

### **Events after the balance sheet date**

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

### **Outlook**

Management expects a satisfactory result for the fiscal year 2019.



## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Income statement

Note	DKK	Group		Parent company	
		2018	2017	2018	2017
	<b>Gross margin</b>	14,421,537	34,082,499	4,743,908	25,917,992
2	Staff costs	-10,059,788	-17,856,974	-3,782,266	-13,814,288
	Depreciation and impairment of plant and equipment	-105,228	-220,097	-37,872	-95,187
	<b>Profit before net financials</b>	4,256,521	16,005,428	923,770	12,008,517
	Income from investments in subsidiaries	0	0	1,001,781	237,645
3	Financial income	166,116	2,764,429	576,055	211,026
4	Financial expenses	-3,553,823	-10,334,268	-1,921,070	-4,371,924
	<b>Profit before tax</b>	868,814	8,435,589	580,536	8,085,264
5	Tax for the year	-234,091	-2,067,402	54,187	-1,794,637
	<b>Profit for the year</b>	<u>634,723</u>	<u>6,368,187</u>	<u>634,723</u>	<u>6,290,627</u>
	Specification of the Group's results of operations:				
	Shareholders in Buk-Auto A/S	634,723	6,290,627		
	Non-controlling interests	0	77,560		
		<u>634,723</u>	<u>6,368,187</u>		

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Balance sheet

Note	DKK	Group		Parent company	
		2018	2017	2018	2017
		<b>ASSETS</b>			
		<b>Fixed assets</b>			
6	Property, plant and equipment				
	Plant and equipment	340,001	328,791	81,041	15,826
	Leasehold improvements	64,004	80,000	64,004	80,000
		<u>404,005</u>	<u>408,791</u>	<u>145,045</u>	<u>95,826</u>
7	Investments				
	Investments in subsidiaries	0	0	14,555,024	9,029,552
	Deposits, investments	90,120	88,720	90,120	88,720
		<u>90,120</u>	<u>88,720</u>	<u>14,645,144</u>	<u>9,118,272</u>
	<b>Total fixed assets</b>	<u>494,125</u>	<u>497,511</u>	<u>14,790,189</u>	<u>9,214,098</u>
	<b>Non-fixed assets</b>				
	<b>Inventories</b>				
	Finished goods and goods for resale	9,396,778	19,699,594	1,053,417	5,316,603
	Prepayments for goods	18,643,154	1,255,631	6,579,338	1,255,631
		<u>28,039,932</u>	<u>20,955,225</u>	<u>7,632,755</u>	<u>6,572,234</u>
	<b>Receivables</b>				
	Trade receivables	42,469,553	144,838,840	5,256,541	121,327,224
	Receivables from subsidiaries	0	543,127	37,407,539	665,480
10	Deferred tax assets	0	51,672	9,576	4,245
	Corporation tax receivable	242,983	0	148,856	0
	Other receivables	7,120,979	435,282	61,574	249,003
	Prepayments	275,075	739,160	47,740	0
		<u>50,108,590</u>	<u>146,608,081</u>	<u>42,931,826</u>	<u>122,245,952</u>
	<b>Cash</b>	<u>11,220,825</u>	<u>7,201,982</u>	<u>2,756,432</u>	<u>6,940,530</u>
	<b>Total non-fixed assets</b>	<u>89,369,347</u>	<u>174,765,288</u>	<u>53,321,013</u>	<u>135,758,716</u>
	<b>TOTAL ASSETS</b>	<u>89,863,472</u>	<u>175,262,799</u>	<u>68,111,202</u>	<u>144,972,814</u>

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Balance sheet

Note	DKK	Group		Parent company	
		2018	2017	2018	2017
		<b>EQUITY AND LIABILITIES</b>			
		<b>Equity</b>			
8	Share capital	683,980	500,000	683,980	500,000
	Net revaluation reserve according to the equity method	0	0	6,256,382	5,136,196
	Retained earnings	16,443,842	25,266,341	10,187,460	20,130,144
	<b>Shareholder in Buk-Auto A/S' share of equity</b>	<b>17,127,822</b>	<b>25,766,341</b>	<b>17,127,822</b>	<b>25,766,340</b>
	Non-controlling interests	0	4,405,038	0	0
	<b>Total equity</b>	<b>17,127,822</b>	<b>30,171,379</b>	<b>17,127,822</b>	<b>25,766,340</b>
	<b>Provisions</b>				
10	Deferred tax	13,592	0	0	0
	<b>Total provisions</b>	<b>13,592</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Liabilities other than provisions</b>				
	<b>Non-current liabilities other than provisions</b>				
11	Subordinate loan capital	2,960,000	0	640,000	0
		2,960,000	0	640,000	0
	<b>Current liabilities other than provisions</b>				
	Bank debt	36,433,648	100,487,201	31,583,690	66,566,072
	Prepayments received from customers	4,853,406	9,356,464	3,171,561	7,440,694
	Trade payables	5,731,401	25,720,882	642,552	21,238,368
	Payables to subsidiaries	0	108,731	230,700	16,618,131
	Corporation tax payable	0	1,892,950	0	1,370,820
	Payables to shareholders and management	1,882,782	4,814,627	1,744,647	4,814,627
	Other payables	20,860,821	2,710,565	12,970,230	1,157,762
		69,762,058	145,091,420	50,343,380	119,206,474
	<b>Total liabilities other than provisions</b>	<b>72,722,058</b>	<b>145,091,420</b>	<b>50,983,380</b>	<b>119,206,474</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>89,863,472</b>	<b>175,262,799</b>	<b>68,111,202</b>	<b>144,972,814</b>

- 1 Accounting policies
- 9 Treasury shares
- 12 Contractual obligations and contingencies, etc.
- 13 Collateral
- 14 Currency risks
- 15 Related parties

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Statement of changes in equity

		Group				
Note	DKK	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
	Equity at 1 January 2018	500,000	25,266,341	25,766,341	4,405,038	30,171,379
	Adjustment of investments through foreign exchange adjustments	0	118,404	118,404	249	118,653
	Capital increase	563,830	-563,830	0	0	0
	Capital reduction	-563,830	563,830	0	0	0
	Transfer through appropriation of profit	0	634,723	634,723	0	634,723
	Non-cash contribution	183,980	4,221,307	4,405,287	-4,405,287	0
	Purchase of treasury shares	0	-13,796,933	-13,796,933	0	-13,796,933
	<b>Equity at 31 December 2018</b>	<b>683,980</b>	<b>16,443,842</b>	<b>17,127,822</b>	<b>0</b>	<b>17,127,822</b>

		Parent company			
Note	DKK	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 January 2018	500,000	5,136,196	20,130,144	25,766,340
	Capital increase	563,830	0	-563,830	0
	Capital reduction	-563,830	0	563,830	0
16	Transfer, see "Appropriation of profit"	0	1,001,781	-367,058	634,723
	Adjustment of investments through foreign exchange adjustments	0	118,405	0	118,405
	Non-cash contribution	183,980	0	4,221,307	4,405,287
	Purchase of treasury shares	0	0	-13,796,933	-13,796,933
	<b>Equity at 31 December 2018</b>	<b>683,980</b>	<b>6,256,382</b>	<b>10,187,460</b>	<b>17,127,822</b>

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Cash flow statement

Note	DKK	Group	
		2018	2017
	Profit for the year	634,723	6,368,187
17	Adjustments	444,617	2,188,280
	Cash generated from operations (operating activities)	1,079,340	8,556,467
18	Changes in working capital	67,660,886	-51,796,266
	Cash generated from operations (operating activities)	68,740,226	-43,239,799
	Income taxes paid	-2,304,761	-508,893
	<b>Cash flows from operating activities</b>	<b>66,435,465</b>	<b>-43,748,692</b>
	Additions of property, plant and equipment	-87,091	-95,895
	Purchase of financial assets	-1,400	0
	Paid deposit	0	-88,720
	<b>Cash flows to investing activities</b>	<b>-88,491</b>	<b>-184,615</b>
	Dividends distributed	0	-5,000,000
	Subordinated loans	2,960,000	0
	Proceeds of debt	12,562,355	0
	Repayment of Subordinated loans	0	4,500,000
	Acquisition of treasury shares	-13,796,933	0
	<b>Cash flows from financing activities</b>	<b>1,725,422</b>	<b>-500,000</b>
	<b>Net cash flow</b>	<b>68,072,396</b>	<b>-44,433,307</b>
	Cash and cash equivalents at 1 January	-93,285,219	-48,851,912
19	<b>Cash and cash equivalents at 31 December</b>	<b>-25,212,823</b>	<b>-93,285,219</b>

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Buk-Auto A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year, except that individual reclassifications have been made in comparison figures.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Consolidated financial statements

##### *Control*

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

##### *Preparation of consolidated financial statements*

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates are recognised in the consolidated financial statements using the equity method.

#### Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

##### Income statement

###### Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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

###### Gross margin

The items revenue, cost of sales, other income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

###### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

###### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

###### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

###### Amortisation/depreciation and impairment

The item comprises depreciation and impairment of plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Plant and equipment	5 years
Leasehold improvements	5 years

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The proportionate share of the individual subsidiaries' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's income statement.

The item includes dividend received from subsidiaries.

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, exchange gains and losses and amortisation of financial assets and liabilities.

##### Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge 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 been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

### Balance sheet

#### Property, plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of plant and equipment are recognised in the income statement as other operating income or other operating expenses.



## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

##### Impairment of fixed assets

The carrying amount of plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

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

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Equity

###### *Treasury shares*

Purchases of treasury shares are taken directly to equity under "Retained earnings".

###### *Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

###### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Subordinate loan capital is recognised using the same method as applies to liabilities.

#### Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

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

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity excl. non-controlling interests, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year excl. non-controlling interests} \times 100}{\text{Average equity excl. non-controlling interests}}$

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

DKK	Group		Parent company	
	2018	2017	2018	2017
<b>2 Staff costs</b>				
Wages/salaries	9,969,118	17,804,302	3,721,904	13,761,616
Other social security costs	90,670	52,672	60,362	52,672
	<u>10,059,788</u>	<u>17,856,974</u>	<u>3,782,266</u>	<u>13,814,288</u>
<b>3 Financial income</b>				
Interest receivable, subsidiaries	0	0	575,299	0
Other financial income	166,116	2,764,429	756	211,026
	<u>166,116</u>	<u>2,764,429</u>	<u>576,055</u>	<u>211,026</u>
<b>4 Financial expenses</b>				
Other financial expenses	3,553,823	10,334,268	1,921,070	4,371,924
	<u>3,553,823</u>	<u>10,334,268</u>	<u>1,921,070</u>	<u>4,371,924</u>
<b>5 Tax for the year</b>				
Estimated tax charge for the year	168,237	1,643,585	-48,856	1,370,820
Deferred tax adjustments in the year	65,264	423,817	-5,331	423,817
Tax adjustments, prior years	590	0	0	0
	<u>234,091</u>	<u>2,067,402</u>	<u>-54,187</u>	<u>1,794,637</u>

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Property, plant and equipment

DKK	Group		
	Plant and equipment	Leasehold improvements	Total
Cost at 1 January 2018	1,031,474	411,710	1,443,184
Foreign exchange adjustments	20,621	0	20,621
Additions	87,091	0	87,091
Cost at 31 December 2018	1,139,186	411,710	1,550,896
Impairment losses and depreciation at 1 January 2018	702,683	331,710	1,034,393
Foreign exchange adjustments	7,270	0	7,270
Depreciation	89,232	15,996	105,228
Impairment losses and depreciation at 31 December 2018	799,185	347,706	1,146,891
Carrying amount at 31 December 2018	340,001	64,004	404,005

Note 13 provides more details on security for loans, etc. as regards plant and equipment.

DKK	Parent company		
	Plant and equipment	Leasehold improvements	Total
Cost at 1 January 2018	229,903	411,710	641,613
Additions	87,091	0	87,091
Cost at 31 December 2018	316,994	411,710	728,704
Impairment losses and depreciation at 1 January 2018	214,077	331,710	545,787
Depreciation	21,876	15,996	37,872
Impairment losses and depreciation at 31 December 2018	235,953	347,706	583,659
Carrying amount at 31 December 2018	81,041	64,004	145,045

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 7 Investments

	Group
	Deposits, investments
DKK	
Cost at 1 January 2018	88,720
Additions	1,400
Cost at 31 December 2018	90,120
Carrying amount at 31 December 2018	90,120

	Parent company		
	Investments in subsidiaries	Deposits, investments	Total
DKK			
Cost at 1 January 2018	3,893,355	88,720	3,982,075
Additions	4,405,287	1,400	4,406,687
Cost at 31 December 2018	8,298,642	90,120	8,388,762
Value adjustments at 1 January 2018	5,136,197	0	5,136,197
Foreign exchange adjustments	118,404	0	118,404
Profit/loss for the year	1,001,781	0	1,001,781
Value adjustments at 31 December 2018	6,256,382	0	6,256,382
Carrying amount at 31 December 2018	14,555,024	90,120	14,645,144

#### Parent company

Name	Domicile	Interest	Equity DKK	Profit/loss DKK
<b>Subsidiaries</b>				
Africa Automotive A/S	Svendborg	100.00%	14,332,031	998,254
Buk-Auto Denmark ApS	Svendborg	100.00%	222,994	3,527
Global Automotive Inc.	USA	100.00%	923,656	590,522

	Parent company	
	2018	2017
DKK		
<b>8 Share capital</b>		
Analysis of the share capital:		
683,980 shares of DKK 1.00 nominal value each	683,980	500,000
	683,980	500,000

The capital increase has been made as a part of the change in the ownership structure of the Group.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 9 Treasury shares

##### Parent company

	Number	Nominal value DKK	Share of capital	Purchase/ sales sum DKK
Purchased in the year	563,830	563,830	53.00%	13,796,933
Capital reduction	-563,830	-563,830	-53.00%	
Balance at 31 December 2018	<u>0</u>	<u>0</u>	<u>0.00%</u>	

In accordance with a resolution passed at the general meeting of shareholders, the Company has acquired treasury shares and subsequently offset the acquisition by a capital reduction.

	Group		Parent company	
	2018	2017	2018	2017
DKK				
<b>10 Deferred tax</b>				
Deferred tax at 1 January	-51,672	-475,489	-4,245	-428,062
Annual adjustment of defferedtax in income statement	65,264	423,817	-5,331	423,817
<b>Deferred tax at 31 December</b>	<u>13,592</u>	<u>-51,672</u>	<u>-9,576</u>	<u>-4,245</u>
Deferred tax relates to:				
Property, plant and equipment	-1,485	-4,245	-1,485	-4,245
Inventories	34,445	0	11,277	0
Provisions	0	-47,427	0	0
Tax loss	-19,368	0	-19,368	0
	<u>13,592</u>	<u>-51,672</u>	<u>-9,576</u>	<u>-4,245</u>

#### 11 Subordinate loan capital

##### Group

Loan DKK 2.960 thousand has been granted by shareholders and is subordinated in relation to all other creditors. The term to maturity depends on other funding. The interest is paid on a quarterly basis.

##### Parent company

Loan DKK 640 thousand has been granted by shareholders and is subordinated in relation to all other creditors. The term to maturity depends on other funding. The interest is paid on a quarterly basis.



## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 12 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

DKK	Group		Parent company	
	2018	2017	2018	2017
Rent agreement	160,000	160,000	160,000	160,000
	160,000	160,000	160,000	160,000

##### Parent company

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes for income year 2018 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 31 December 2018.

#### 13 Collateral

##### Group

The subsidiary Africa Automotive A/S has provided a company charge comprising all the Company's assets, however with an upper limit of DKK 20 million, as collateral for the Group's commitments with Jyske Bank. At 31 December 2018, the amount drawn in respect of these commitments was DKK 30.8 million.

Buk-Auto A/S and Africa Automotive A/S has provided a guarantee whereby the guarantor assumes primary liability in relation to Buk-Auto Ltd.'s commitments with Jyske Bank. At 31 December 2018, the amount drawn in respect of these commitments was DKK 1.0 million.

##### Parent company

The parent company has provided a guarantee whereby the guarantor assumes primary liability in relation to subsidiaries' and Buk-Auto Ltd.'s commitments with Jyske Bank. At 31 December 2018, the amount drawn in respect of these commitments was DKK 2.7 million.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 14 Currency risks

The Group uses hedging instruments such as forward exchange contracts and currency swaps to hedge recognised transactions.

##### Recognised transactions

Hedging of recognised transactions primarily includes receivables and payables.

At 31 December 2018 the value according to contract amounts to DKK 11,767 thousand and the net position amounts to DKK 32 thousand.

#### 15 Related parties

##### Group

##### Related party transactions

DKK	2018	2017
<b>Group</b>		
Sale of goods to other related party	54,876,702	390,255,479
Purchase of goods other related party	1,158,457	989,231
Management fee from other related party	120,711	120,493
Bonus to shareholders	3,960,582	15,169,148
Interest income from other related party	0	104,000
Interest expenses to other related party	414,601	109,779
Interest expenses to shareholders	256,609	219,731
Receivables from other related party	0	37,030,957
Payable to other related party	16,177,607	0
Payable to shareholders and management	4,618,245	5,893,669
<b>Parent Company</b>		
Sale of goods to subsidiaries	0	2,419,015
Sale of goods to other related party	54,876,702	390,255,479
Purchase of goods from subsidiaries	911,962	7,699,651
Purchase of goods from other related party	1,158,457	989,231
Management fee from subsidiaries and other related party	1,416,711	2,538,493
Bonus to shareholders	1,227,464	15,169,148
Interest income from subsidiaries and other related party	587,923	209,000
Interest expenses to subsidiaries and other related party	338,331	134,521
Interest expenses to shareholders	111,109	14,731
Receivables from subsidiaries	37,176,839	0
Receivables from other related party	0	37,034,579
Payables to subsidiaries	0	16,161,186
Payables to other related party	12,562,351	0
Payables to shareholders and management	2,160,110	3,368,129

By reference to section 98b(3), (i), of the Danish Financial Statements Act, total remuneration to Management amounts to DKK 1.018 thousand in 2018 and by reference to section 98b(3), (ii) remuneration to Management is not disclosed for 2017.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### Ownership

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

Name	Domicile
KJO1965 ApS	Svendborg
Hasselriis ApS	Odense
CPT Invest ApS	Svendborg
Leonid Zikeev	Portugal

DKK	Parent company	
	2018	2017
<b>16 Appropriation of profit</b>		
Recommended appropriation of profit		
Net revaluation reserve according to the equity method	1,001,781	279,530
Other reserves	0	-82,580
Retained earnings/accumulated loss	-367,058	6,093,677
	<u>634,723</u>	<u>6,290,627</u>
<b>17 Adjustments</b>		
Amortisation/depreciation and impairment losses	105,228	220,097
Tax for the year	234,091	2,067,402
Exchange rate adjustment etc.	105,298	-99,219
	<u>444,617</u>	<u>2,188,280</u>
<b>18 Changes in working capital</b>		
Change in inventories	-7,084,707	5,620,095
Change in receivables	92,187,743	-63,059,593
Change in trade and other payables	-17,442,150	5,643,232
	<u>67,660,886</u>	<u>-51,796,266</u>
<b>19 Cash and cash equivalents at year-end</b>		
Cash according to the balance sheet	11,220,825	7,201,982
Short-term debt to banks	-36,433,648	-100,487,201
	<u>-25,212,823</u>	<u>-93,285,219</u>