Tel.: +45 76 42 94 00
vejle@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Roms Hule 4, 1. sal
DK-7100 Vejle
CVR no. 20 22 26 70

TEKNISK GUMMI HORSENS A/S

NORGESVEJ 6, 8700 HORSENS

ANNUAL REPORT

1. JANUAR - 31. DECEMBER 2016

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 11 May 2017

Franz-Georg Heggemann

CVR NO. 31 74 81 94

CONTENTS

COMPANY DETAILS

Company	Teknisk Gummi Horsens A/S Norgesvej 6 8700 Horsens
	CVR no.: 31 74 81 94 Established: 1 September 2008 Registered Office: Horsens Financial Year: 1 January - 31 December
Board of Directors	Franz-Georg Heggemann, Formand Albert Maria Heinrich Schlüpen Dirk Johannes Odenbrett
Board of Executives	Keld Sund Nielsen Richard Duyser
Auditor	BDO Statsautoriseret revisionsaktieselskab Roms Hule 4, 1. sal 7100 Vejle

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Teknisk Gummi Horsens A/S for the year 1 January - 31 December 2016.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the the Company's financial position at 31 December 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Horsens, den 28. februar 2017

Board of Executives

Keld Sund Nielsen	Richard Duyser

Board of Directors

Franz-Georg Heggemann Formand	Albert Maria Heinrich Schlüpen	Dirk Johannes Odenbrett

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Teknisk Gummi Horsens A/S

Qualified Opinion
We have audited the Financial Statements of Teknisk Gummi Horsens A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Except for the matters described in the "Basis for Qualified Opinion" paragraph, it is our opinion that the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Qualified Opinion
The Company's inventories are recognized in balance sheet 4,728 DKK ('000). Management has recognized indirect production cost on items which is not justified for indirect productions cost surchages, which is not in accordance with legal requirements.

It is our opinion that it is necessary to write down inventories by 558 DKK ('000). Gross profit would consequently be reduced by 558 DKK ('000)., While income tax expense, profit after tax and equity would have been reduced by 123 DKK ('000)., and 435 DKK ('000) and 435 DKK ('000).

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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. In our opinion, the audit evidence we ha-ve obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Financial Statements
Our objectives are to obtain reasonable assurance about 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 these Financial Statements.

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

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Vejle, 28 February 2017

BDO Statsautoriseret revisionsaktieselskab
CVR-nr. 20 22 26 70

Bent Skov
State Authorised Public Accountant

MANAGEMENT'S REVIEW

Principal activities
The company's activities is production and sale of roller and roller coverings in rubber. The production takes place in the company, while the sale takes place both in the company.

Development in activities and financial position
The company realizes a profit of TDKK 590. This is considered unsatisfactory.

Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2016 DKK	2015 DKK
GROSS PROFIT		**15.918.061**	**18.113.222**
Staff costs	1	-13.119.926	-12.308.827
Depreciation, amortisation and impairment		-2.133.894	-1.947.209
OPERATING PROFIT		**664.241**	**3.857.186**
Result of equity investments in group and associat		133.338	-111.668
Other financial income		129.508	106.746
Other financial expenses		-195.267	-218.908
PROFIT BEFORE TAX		**731.820**	**3.633.356**
Tax on profit/loss for the year	2	-141.369	-874.295
PROFIT FOR THE YEAR		**590.451**	**2.759.061**

PROPOSED DISTRIBUTION OF PROFIT

		2016 DKK	2015 DKK
Accumulated profit		590.451	2.759.061
TOTAL		**590.451**	**2.759.061**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2016 DKK	2015 DKK
Development projects completed		0	33.840
Goodwill		0	0
Intangible fixed assets	3	**0**	**33.840**
Production plants and machinery		6.949.458	6.822.601
Other plants, machinery, tools and equipment		15.815	66.114
Leasehold improvements		693.603	924.418
Tangible fixed assets in progress and prepayment		0	641.704
Tangible fixed assets	4	**7.658.876**	**8.454.837**
Equity investments in group enterprises		265.116	137.516
Rent deposit and other receivables		690.835	686.532
Fixed asset investments	5	**955.951**	**824.048**
FIXED ASSETS		**8.614.827**	**9.312.725**
Raw materials and consumables		4.727.654	5.058.696
Inventories		**4.727.654**	**5.058.696**
Trade receivables		5.347.918	6.533.906
Provision for deferred tax		0	7.726
Other receivables		0	32.826
Receivables		**5.347.918**	**6.574.458**
Other securities and equity investments		2.842	2.842
Current investments		**2.842**	**2.842**
Cash and cash equivalents		**1.093.172**	**1.634.391**
CURRENT ASSETS		**11.171.586**	**13.270.387**
ASSETS		**19.786.413**	**22.583.112**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2016 DKK	2015 DKK
Share capital	6	7.333.333	7.333.333
Retained profit		3.377.263	2.792.551
EQUITY	7	**10.710.596**	**10.125.884**
Provision for deferred tax		133.643	0
PROVISION FOR LIABILITIES		**133.643**	**0**
Short-term portion of long-term liabilities	8	0	1.258.016
Trade payables		2.418.917	1.668.242
Payables to group enterprises		4.323.517	7.473.502
Other liabilities		2.199.740	2.057.468
Current liabilities		**8.942.174**	**12.457.228**
LIABILITIES		**8.942.174**	**12.457.228**
EQUITY AND LIABILITIES		**19.786.413**	**22.583.112**

Contingencies etc. 9

NOTES

	2016 DKK	2015 DKK	Note
Staff costs			1
Average number of employees			
30 (2015: 27)			
Wages and salaries	11.147.738	9.956.958	
Pensions	1.419.082	1.834.749	
Social security costs	312.409	312.918	
Other staff costs	240.697	204.202	
	13.119.926	**12.308.827**	
Tax on profit/loss for the year			2
Adjustment of deferred tax	141.369	874.295	
	141.369	**874.295**	

Intangible fixed assets			3
	Development projects completed	**Goodwill**	
Cost at 1 January 2016	1.262.733	2.359.685	
Cost at 31 December 2016	**1.262.733**	**2.359.685**	
Amortisation at 1 January 2016	1.228.885	2.359.685	
Depreciation for the year	33.848	0	
Depreciation at 31 December 2016	**1.262.733**	**2.359.685**	

Tangible fixed assets			4
	Production plants and machinery	**Other plants, machinery, tools and equipment**	
Cost at 1 January 2016	18.058.023	422.498	
Transferred	1.944.822	0	
Disposals	-28.900	0	
Cost at 31 December 2016	**19.973.945**	**422.498**	
Depreciation and write-down at 1 January 2016	11.234.458	356.396	
Reversal of depreciation of assets disposed of	-28.900	0	
Depreciation for the year	1.818.929	50.287	
Depreciation and write-down at 31 December 2016	**13.024.487**	**406.683**	
Carrying amount at 31 December 2016	**6.949.458**	**15.815**	

NOTES

Note

	Leasehold improvements	Tangible fixed assets in progress and prepayment
Cost at 1 January 2016	2.367.841	641.704
Disposals	0	-641.704
Cost at 31 December 2016	**2.367.841**	**0**
Depreciation and write-down at 1 January 2016	1.443.409	
Depreciation for the year	230.829	
Depreciation and write-down at 31 December 2016	**1.674.238**	
Carrying amount at 31 December 2016	**693.603**	**0**

Fixed asset investments 5

	Equity investments in group enterprises	Rent deposit and other receivables
Cost at 1 January 2016	907.176	686.532
Additions	0	4.303
Cost at 31 December 2016	**907.176**	**690.835**
Revaluation at 1 January 2016	-769.659	
Exchange adjustment	-5.739	
Dividend	133.338	
Revaluation at 31 December 2016	**-642.060**	
Carrying amount at 31 December 2016	**265.116**	**690.835**

Share capital 6

Specification of the share capital:

Share, 7.333 in the denomination of 1.000 DKK	7.333.333	7.333.333
	7.333.333	**7.333.333**

Equity 7

	Share capital	Retained profit	Total
Equity at 1 January 2016	7.333.333	2.792.551	10.125.884
Foreign exchange adjustments		-5.739	-5.739
Proposed distribution of profit		590.451	590.451
Equity at 31 December 2016	**7.333.333**	**3.377.263**	**10.710.596**

NOTES

Note

Long-term liabilities 8

	1/1 2016 total liabilities	31/12 2016 total liabilities	Repayment next year	Debt outstanding after 5 years
Lease liabilities....................	1.258.016	0	0	0
	1.258.016	**0**	**0**	**0**

Contingencies etc. 9

The company has signed rental agreement regarding buildings until June 2019. The total liabilities amounted to T.DKK. 3.412.

In addition to financial leases, which are recognized in the balance sheet, the Company has entered into operating leases with an annual lease payment of T.DKK 189. The leases have remaining maturity up to 41 months and a total remaining lease payments T.DKK. 317.

ACCOUNTING POLICIES

The annual report of Teknisk Gummi Horsens A/S for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B.

The Annual Report is prepared consistently with the accounting principles used last year.

Consolidated financial statements
The group comply with the exemption clause of the § 110 for financial reporting for smaller groups in the Danish Financial Statements Act and therefore consolidated financial statements have not been prepared.

INCOME STATEMENT

Net revenue
Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

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

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

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

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company’s employees. Repayments from public authorities are deducted from staff costs.

Investments in subsidiaries
The income statement of the parent company recognises the proportional share of the results of each subsidiary.

Financial income and expenses in general
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit for the year
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets
Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 7 years. The amortization over a period exceeding five years, happens when there at the time expected effect on earnings above.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition. Development costs and internally generated rights are recognized in the income statement as expenses in the year of acquisition..

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

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work, which is estimated to 3 years

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

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Production plant and machinery	10-15 years	0 %
Other plants, fixtures and equipment	3-15 years	0 %
Leasehold improvements	3-8 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

ACCOUNTING POLICIES

Lease contracts
Lease contracts relating to tangible fixed assets where the company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company's other tangible fixed assets.

where the company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company's other tangible fixed assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability and the interest portion of the lease payment is recognised in the income statement over the term of the contract.

Fixed asset investments
Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated in accordance with the acquisition method.

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

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

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

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

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

ACCOUNTING POLICIES

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

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

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

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

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

Investments
Investments, recognised as current assets, comprise public quoted bonds, shares and other current investments that are measured at fair market value on the balance sheet date. Public quoted securities are measured at quoted price.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

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

ACCOUNTING POLICIES

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

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

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.