Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Dokken 8
Postbox 200
6701 Esbjerg

Phone 79 12 84 44
Fax 79 12 84 55
www.deloitte.dk

Grening Holding ApS

Sletten 21
6800 Varde
Central Business Registration
No 31933153

Annual report 01.05.2018 - 31.12.2018

The Annual General Meeting adopted the annual report on 17.04.2019

Chairman of the General Meeting

Name: Henrik Larsen

Contents

Entity details

Entity
Grening Holding ApS
Sletten 21
6800 Varde

Central Business Registration No (CVR): 31933153
Registered in: Varde
Financial year: 01.05.2018 - 31.12.2018

Board of Directors
Niels Kristensen, chairman of the board
Jan Bruun Jørgensen
Niels Grening Langerhuus

Executive Board
Niels Grening Langerhuus

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Grening Holding ApS for the financial year 01.05.2018 - 31.12.2018.

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 Entity’s financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.05.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Varde, 17.04.2019

Executive Board

Niels Grening Langerhuus

Board of Directors

Niels Kristensen chairman of the board	Jan Bruun Jørgensen	Niels Grening Langerhuus

Independent auditor's report

To the shareholders of Grening Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Grening Holding ApS for the financial year 01.05.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.05.2016 - 30.04.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Independent auditor's report

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- 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 commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Esbjerg, 17.04.2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Henrik Harbo Andersen
State Authorised Public Accountant
Identification No (MNE) mne19699

Management commentary

	2018 DKK'000	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000
Financial highlights					
Key figures					
Gross profit	25,916	51,246	49,048	36,396	47,075
Operating profit/loss	1,073	4,733	6,681	1,731	14,790
Net financials	(1)	(300)	(125)	(830)	(99)
Profit/loss for the year	852	2,947	4,562	190	10,754
Profit/loss for the year excl minority interests	536	2,318	3,984	(289)	10,724
Total assets	150,902	131,761	139,768	127,527	125,957
Investments in property, plant and equipment	3,067	8,803	8,244	6,886	42,881
Equity	71,029	71,177	69,230	64,769	66,579
Equity excl minority interests	68,956	69,420	68,102	64,219	66,508
Average invested capital incl goodwill	133,177	128,778	123,318	11,245	82,397
Net interest-bearing debt	49,155	37,159	46,004	38,599	31,361
Ratios					
Return on invested capital incl goodwill (%)	2.8	6.0	7.6	3.1	20.3
Financial gearing (%)	0.7	0.5	0.7	0.6	0.5
Return on equity (%)	1.2	4.2	6.8	0.3	17.4
Equity ratio (%)	45.7	52.7	48.7	50.4	52.8

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Return on invested capital incl goodwill (%)	EBITA x 100 / Average invested capital incl goodwill	The return generated by the entity on the investors' funds.
Financial gearing	Net interest-bearing debt / Equity excl minority interests	The entity's financial gearing.
Return on equity (%)	Profit/loss for the year excl minority interests x 100 / Average equity excl minority interests	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	Equity excl minority interests x 100 / Total assets	The financial strength of the entity.

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses relating to goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income taxes receivable and payable as well as cash are not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

Management commentary

Primary activities

The group develops and constructs individual solutions, furthermore sale/service and rental of equipment for the industry of oil and gas, wind turbines and industrial segments.

Development in activities and finances

In 2018, the group realized a profit of 852 t.DKK against 2,947 t.DKK in 2017/18. The result is undsatisfactorily.

The profit of the financial period is affected by change of the financial year. This financial year represents the periode 1st of May to 31st of December.

The equity of the group amount to 71,029 t.DKK at the 31th of December 2018.

Outlook

In 2019, the executive board expects the group will achive a better result compared to 2018.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2018

	Notes	2018 DKK'000	2017/18 DKK'000
Gross profit		**25,916**	**51,246**
Staff costs	1	(20,804)	(36,211)
Depreciation, amortisation and impairment losses	2	(3,817)	(10,015)
Other operating expenses		(222)	(287)
Operating profit/loss		**1,073**	**4,733**
Other financial income	3	618	995
Other financial expenses	4	(619)	(1,295)
Profit/loss before fair value adjustments and tax		**1,072**	**4,433**
Fair value adjustment of investment properties		516	0
Profit/loss before tax		**1,588**	**4,433**
Tax on profit/loss for the year	5	(736)	(1,486)
Profit/loss for the year	6	**852**	**2,947**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017/18 DKK'000
Acquired intangible assets		2,678	3,026
Goodwill		12,770	14,480
Intangible assets	7	**15,448**	**17,506**
Land and buildings		43,887	44,264
Investment property		8,516	8,000
Other fixtures and fittings, tools and equipment		11,951	12,392
Leasehold improvements		0	0
Property, plant and equipment	8	**64,354**	**64,656**
Deposits		591	591
Other receivables		397	427
Fixed asset investments	9	**988**	**1,018**
Fixed assets		**80,790**	**83,180**
Work in progress		9,393	959
Manufactured goods and goods for resale		22,501	22,363
Inventories		**31,894**	**23,322**
Trade receivables		29,258	21,155
Other receivables		662	684
Prepayments	10	336	294
Receivables		**30,256**	**22,133**
Cash		**7,962**	**3,126**
Current assets		**70,112**	**48,581**
Assets		**150,902**	**131,761**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017/18 DKK'000
Contributed capital		125	125
Retained earnings		67,831	68,295
Proposed dividend		1,000	1,000
Equity attributable to the Parent's owners		**68,956**	**69,420**
Share of equity attributable to minority interests		**2,073**	**1,757**
Equity		**71,029**	**71,177**
Deferred tax	11	2,283	2,842
Other provisions	12	1,303	1,535
Provisions		**3,586**	**4,377**
Mortgage debt		19,594	20,379
Bank loans		9,559	11,804
Income tax payable		1,294	0
Non-current liabilities other than provisions	13	**30,447**	**32,183**
Current portion of long-term liabilities other than provisions	13	2,667	5,139
Bank loans		23,273	2,232
Trade payables		12,107	5,916
Income tax payable		731	731
Other payables		7,062	10,006
Current liabilities other than provisions		**45,840**	**24,024**
Liabilities other than provisions		**76,287**	**56,207**
Equity and liabilities		**150,902**	**131,761**
Financial instruments	15		
Unrecognised rental and lease commitments	16		
Assets charged and collateral	17		
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Subsidiaries	19		

Consolidated statement of changes in equity for 2018

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Share of equity attributable to minority interests DKK'000
Equity beginning of year	125	68,295	1,000	1,757
Ordinary dividend paid	0	0	(1,000)	0
Profit/loss for the year	0	(464)	1,000	316
Equity end of year	**125**	**67,831**	**1,000**	**2,073**

	Total DKK'000
Equity beginning of year	71,177
Ordinary dividend paid	(1,000)
Profit/loss for the year	852
Equity end of year	**71,029**

Consolidated cash flow statement for 2018

	Notes	2018 DKK'000	2017/18 DKK'000
Operating profit/loss		1,073	4,733
Amortisation, depreciation and impairment losses		3,817	10,015
Other provisions		(232)	890
Working capital changes	14	(13,447)	4,887
Cash flow from ordinary operating activities		**(8,789)**	**20,525**
Financial income received		618	995
Financial expenses paid		(619)	(1,295)
Income taxes refunded/(paid)		0	(1,053)
Cash flows from operating activities		**(8,790)**	**19,172**
Acquisition etc of intangible assets		0	(540)
Acquisition etc of property, plant and equipment		(3,067)	(8,803)
Sale of property, plant and equipment		2,126	270
Other cash flows from investing activities		28	0
Cash flows from investing activities		**(913)**	**(9,073)**
Repayments of loans etc		(5,502)	(5,070)
Dividend paid		(1,000)	(1,000)
Cash flows from financing activities		**(6,502)**	**(6,070)**
Increase/decrease in cash and cash equivalents		**(16,205)**	**4,029**
Cash and cash equivalents beginning of year		894	(3,135)
Cash and cash equivalents end of year		**(15,311)**	**894**
Cash and cash equivalents at year-end are composed of:			
Cash		7,962	3,126
Short-term debt to banks		(23,273)	(2,232)
Cash and cash equivalents end of year		**(15,311)**	**894**

Notes to consolidated financial statements

	2018 DKK'000	2017/18 DKK'000
1. Staff costs		
Wages and salaries	18,167	32,487
Pension costs	1,893	2,906
Other social security costs	222	464
Other staff costs	522	354
	20,804	**36,211**
Average number of employees	**67**	**70**

	Remunera-tion of manage-ment 2018 DKK'000	Remunera-tion of manage-ment 2017/18 DKK'000
Total amount for management categories	1,144	1,946
	1,144	**1,946**

	2018 DKK'000	2017/18 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	2,058	3,038
Depreciation of property, plant and equipment	2,703	7,071
Profit/loss from sale of intangible assets and property, plant and equipment	(944)	(94)
	3,817	**10,015**

	2018 DKK'000	2017/18 DKK'000
3. Other financial income		
Other interest income	20	59
Exchange rate adjustments	148	0
Other financial income	450	936
	618	**995**

	2018 DKK'000	2017/18 DKK'000
4. Other financial expenses		
Other interest expenses	594	1,169
Exchange rate adjustments	0	120
Other financial expenses	25	6
	619	**1,295**

Notes to consolidated financial statements

5. Tax on profit/loss for the year	2018 DKK'000	2017/18 DKK'000
Current tax	1,295	1,379
Change in deferred tax	(559)	151
Adjustment concerning previous years	0	(44)
	736	**1,486**

6. Proposed distribution of profit/loss	2018 DKK'000	2017/18 DKK'000
Ordinary dividend for the financial year	1,000	1,000
Retained earnings	(464)	1,318
Minority interests' share of profit/loss	316	629
	852	**2,947**

7. Intangible assets	Acquired intangible assets DKK'000	Goodwill DKK'000
Cost beginning of year	3,658	29,563
Cost end of year	**3,658**	**29,563**
Amortisation and impairment losses beginning of year	(632)	(15,083)
Amortisation for the year	(348)	(1,710)
Amortisation and impairment losses end of year	**(980)**	**(16,793)**
Carrying amount end of year	**2,678**	**12,770**

Notes to consolidated financial statements

	Land and buildings DKK'000	Investment property DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
8. Property, plant and equipment				
Cost beginning of year	45,953	8,000	28,586	154
Additions	0	0	3,067	0
Disposals	0	0	(3,858)	0
Cost end of year	**45,953**	**8,000**	**27,795**	**154**
Revaluations for the year	0	516	0	0
Revaluations end of year	**0**	**516**	**0**	**0**
Depreciation and impairment losses beginning of year	(1,689)	0	(16,194)	(154)
Depreciation for the year	(377)	0	(2,326)	0
Reversal regarding disposals	0	0	2,676	0
Depreciation and impairment losses end of year	**(2,066)**	**0**	**(15,844)**	**(154)**
Carrying amount end of year	**43,887**	**8,516**	**11,951**	**0**
Financial expenses included in carrying amount	**350**	**-**	**-**	**-**

The investment property compromise a industrial building located in Esbjerg. The investment property is measured at fair value, in accordance with accounting policies. The fair value is determined by applying the return-based model using the expcted cash flow from the property. The return-rate used in the model are 7,75% in 2018. For further information please see description in accounting policies. A increase on the return-rate by 0,25% would reduce the fair value by 266 tDKK.

	Deposits DKK'000	Other receivables DKK'000
9. Fixed asset investments		
Cost beginning of year	591	427
Disposals	0	(30)
Cost end of year	**591**	**397**
Carrying amount end of year	**591**	**397**

Notes to consolidated financial statements

10. Prepayments

Prepayments contains insurance etc. paid in advance.

	2018 DKK'000	2017/18 DKK'000
11. Deferred tax		
Intangible assets	589	665
Property, plant and equipment	1,772	2,046
Inventories	0	237
Receivables	40	63
Provisions	(61)	(112)
Liabilities other than provisions	(57)	(57)
	2,283	**2,842**

Changes during the year	
Beginning of year	2,842
Recognised in the income statement	(559)
End of year	**2,283**

12. Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments etc.

	Due within 12 months 2018 DKK'000	Due within 12 months 2017/18 DKK'000	Due after more than 12 months 2018 DKK'000	Outstanding after 5 years DKK'000
13. Liabilities other than provisions				
Mortgage debt	1,167	1,139	19,594	15,086
Bank loans	1,500	4,000	9,559	3,500
Income tax payable	0	0	1,294	N/A
	2,667	**5,139**	**30,447**	**18,586**

	2018 DKK'000	2017/18 DKK'000
14. Change in working capital		
Increase/decrease in inventories	(8,572)	3,019
Increase/decrease in receivables	(8,123)	2,563
Increase/decrease in trade payables etc	3,248	(695)
	(13,447)	**4,887**

Notes to consolidated financial statements

15. Financial instruments

As part of hedging-recognised receivables and liabilities, as well as future sales and purchases, the Company uses hedging instruments by way of forward exchance contracts. The contract value of the USD/DKK hedging is 25,670 tkr. And the period is between 0-12 months. The hedging concerns future sales. The forward exchange contracts have been concluded with the Company’s usual banker.

	2018 DKK'000	2017/18 DKK'000
16. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**2,122**	**1,656**

17. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

The carrying amount of mortgaged properties amounts to 52,403 t.DKK.

Bank debt are secured by way of a deposited mortgage deed registered to the mortgagor on plant of t.DKK 1,950 nominal.

The carrying amount of mortgaged properties amounts to 43,887 t.DKK.

Bank debt are secured by way of a mortgage of 9,000 t.DKK nominal (floating charge) registred to goodwill, other fixtures and fittings, toold and equipment, inventories, trade receivables etc.

The carrying amount of mortgaged assets amounts to 24,588 t.DKK.

18. Transactions with related parties

Only non-arm’s length transactions with related parties are disclosed in the financial statements. All related party transactions carried out during the financial year have been made on a arm’s length basis.

	Registered in	Corpo-rate form	Equity inte-rest %
19. Subsidiaries			
HYTOR A/S	Esbjerg	A/S	100.0
Ejendomsselskabet 3M ApS	Esbjerg	ApS	55.0
HYTOR Oil & Gas Solutions A/S	Esbjerg	A/S	100.0
HYTOR Tools Solutions A/S	Esbjerg	A/S	100.0
HYTOR Tools Solutions GmbH	Hamburg	GmbH	100.0
HYTOR Tools Solutions Ltd	Essex	Limited	100.0
HYTOR Fluid Solutions A/S	Esbjerg	A/S	100.0

Parent income statement for 2018

	Notes	2018 DKK'000	2017/18 DKK'000
Gross profit		**296**	**319**
Staff costs	1	(333)	(500)
Operating profit/loss		**(37)**	**(181)**
Income from investments in group enterprises		421	2,293
Other financial income	2	284	290
Other financial expenses	3	(115)	(157)
Profit/loss before tax		**553**	**2,245**
Tax on profit/loss for the year	4	(17)	73
Profit/loss for the year	5	**536**	**2,318**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017/18 DKK'000
Investments in group enterprises		58,234	62,813
Other receivables		397	427
Fixed asset investments	6	**58,631**	**63,240**
Fixed assets		**58,631**	**63,240**
Receivables from group enterprises		12,418	12,733
Other receivables		83	28
Income tax receivable		0	649
Joint taxation contribution receivable		0	29
Receivables		**12,501**	**13,439**
Cash		**58**	**0**
Current assets		**12,559**	**13,439**
Assets		**71,190**	**76,679**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017/18 DKK'000
Contributed capital		125	125
Reserve for net revaluation according to the equity method		891	5,470
Retained earnings		67,832	62,825
Proposed dividend		108	1,000
Equity		**68,956**	**69,420**
Income tax payable		17	0
Non-current liabilities other than provisions		**17**	**0**
Bank loans		0	7
Payables to group enterprises		974	6,519
Income tax payable		730	0
Other payables		513	733
Current liabilities other than provisions		**2,217**	**7,259**
Liabilities other than provisions		**2,234**	**7,259**
Equity and liabilities		**71,190**	**76,679**
Contingent liabilities	7		
Transactions with related parties	8		

Parent statement of changes in equity for 2018

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	125	5,470	62,825	1,000
Ordinary dividend paid	0	0	0	(1,000)
Profit/loss for the year	0	(4,579)	5,007	108
Equity end of year	**125**	**891**	**67,832**	**108**

	Total DKK'000
Equity beginning of year	69,420
Ordinary dividend paid	(1,000)
Profit/loss for the year	536
Equity end of year	**68,956**

Notes to parent financial statements

	2018 DKK'000	2017/18 DKK'000
1. Staff costs		
Pension costs	333	500
	333	**500**
Average number of employees	**1**	**1**

	2018 DKK'000	2017/18 DKK'000
2. Other financial income		
Financial income arising from group enterprises	264	262
Other interest income	20	28
	284	**290**

	2018 DKK'000	2017/18 DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	107	135
Other interest expenses	5	19
Other financial expenses	3	3
	115	**157**

	2018 DKK'000	2017/18 DKK'000
4. Tax on profit/loss for the year		
Current tax	17	(29)
Adjustment concerning previous years	0	(44)
	17	**(73)**

	2018 DKK'000	2017/18 DKK'000
5. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	108	1,000
Transferred to reserve for net revaluation according to the equity method	(4,579)	(1,706)
Retained earnings	5,007	3,024
	536	**2,318**

Notes to parent financial statements

	Investments in group enterprises DKK'000	Other receivables DKK'000
6. Fixed asset investments		
Cost beginning of year	52,343	427
Disposals	0	(30)
Cost end of year	**52,343**	**397**
Revaluations beginning of year	10,470	0
Amortisation of goodwill	(1,710)	0
Share of profit/loss for the year	2,131	0
Dividend	(5,000)	0
Revaluations end of year	**5,891**	**0**
Carrying amount end of year	**58,234**	**397**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

7. Contingent liabilities

The parent company has guaranteed the bank debt in Hytor A/S and Ejendomsselskabet 3M ApS. The bank debt is at 31th December 2018, 14,274 t.DKK.

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

8. Transactions with related parties

Only non-arm's length transactions with related parties are disclosed in the financial statements. All related party transactions carried out during the financial year have been made on a arm's length basis.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Non-comparability
The entity has changed financial year from 1st of May to 30th of April to 1st of January to 31st of December As a result this financail year represents the period 1st of May 2018 to 31st of December 2018. The comparative figures has not been modified for which reason the comparative figures are non-comparabel.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ proportionate share of profit or loss is presented as a separate item in Management’s proposal for

Accounting policies

distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Accounting policies

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The parent company is jointly taxed with its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet
Goodwill
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation periods used are usually ten years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise acquired intellectual property rights.

Accounting policies

Intellectual property rights acquired are measured at cost less accumulated amortisation. Straight-line deporeciation is made on the basis of the following estimated usefull lives of the assets:

Software	3-7 years

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings are measured at cost plus revaluation and what concerns the buildings less accumulated depreciation and impairment losses. Revaluations are measured by regular, independent valuation of the fair value.

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	30-50 years
Other fixtures and fittings, tools and equipment	2-7 years
Rental equipment	2-7 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investment property
On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date. Fair value is determined by applying the return-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been

Accounting policies

adjusted to normal earnings, and using a required rate of return that reflects current market required rates of return for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is normally ten years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests
Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Accounting policies

Income tax receivable or payable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.