PARTNER REVISION
Rådgivende Revisorer - med dig i centrum

PF Group A/S

Sverigesvej 2, 7480 Vildbjerg

Company reg. no. 35 24 21 47

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 13 March 2019.

Hans Lohmann
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of PF Group A/S for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively at 31 December 2018, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Vildbjerg, 13 March 2019

Managing Director

John Nielsen

Board of directors

Hans Lohmann Chairman	Niels Garde Toft	Jesper Kirkeby Hansen
Martin Krogh Pedersen		

Independent auditor's report

To the shareholders of PF Group A/S

Opinion

We have audited the consolidated annual accounts and the annual accounts of PF Group A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2018 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 January to 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the consolidated annual accounts and the annual accounts

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated annual accounts and the annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 company’s internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group’s and 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 consolidated annual accounts and the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts or the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the consolidated annual accounts and the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Herning, 13 March 2019

Partner Revision
State Authorised Public Accountants
Company reg. no. 15 80 77 76

Peter Vinderslev
State Authorised Public Accountant
mne32848

Company data

The company	PF Group A/S Sverigesvej 2 7480 Vildbjerg	
	Company reg. no.	35 24 21 47
	Domicile:	Herning
	Financial year:	1 January 2018 - 31 December 2018 6th financial year
Board of directors	Hans Lohmann, Chairman Niels Garde Toft Jesper Kirkeby Hansen Martin Krogh Pedersen	
Managing Director	John Nielsen	
Auditors	Partner Revision statsautoriseret revisionsaktieselskab Industrivej Nord 15 7400 Herning	
Bankers	Nordea Bank Danmark A/S, Østergade 4 - 6, 7400 Herning	
Parent company	Maj Invest Equity 4 K/S, Copenhagen, Denmark	
Subsidiaries	A/S Maskinfabrikken PcP, Herning, Denmark PF Værktøj Herning ApS, Herning, Denmark Nordjysk Døgngalvanisering A/S, Rebild, Denmark ElefantRiste A/S, Holstebro, Denmark Elefant Gratings Ltd., Dartford, England PcP. Norge AS, Forus, Norway PcP. Grating Ltd., Wolverhampton, England PcP. Sicherheitsroste GmbH, Breckerfeld, Germany PcP. Nederland B.V., Oudenbosch, Netherlands PcP. Belgium S.A., Sprimont, Belgium PcP. Durk Sverige AB, Gøteborg, Sweden Guardrail Engineering Ltd., Wolverhampton, England	

Consolidated financial highlights

DKK in thousands.	2018	2017	2016	2015	2014
Profit and loss account:					
Net turnover	361.990	401.885	370.679	320.339	323.995
Gross profit	171.858	188.492	181.673	154.641	149.518
Results from operating activities	29.388	44.454	45.606	32.568	30.944
Net financials	-3.968	-5.233	-3.535	-3.468	-5.190
Results for the year	17.931	27.841	32.246	20.861	18.729
Balance sheet:					
Balance sheet sum	295.492	319.162	333.786	325.572	328.223
Investments in tangible fixed assets represent	6.386	9.207	7.499	10.760	5.413
Equity	152.085	137.069	105.376	185.575	163.581
Cash flow:					
Operating activities	34.022	50.658	53.212	38.863	27.921
Investment activities	-5.986	-8.573	-7.499	-10.760	-5.413
Financing activities	-36.580	-35.293	-42.518	-27.186	-28.684
Cash flow in total	-8.544	6.793	3.195	917	-6.176
Employees:					
Average number of full time employees	291	297	281	258	260
Key figures in %:					
Gross margin	47,5	46,9	49,0	48,3	46,1
Profit margin	8,1	11,1	12,3	10,2	9,6
Solvency ratio	51,5	42,9	31,6	57,0	49,8
Return on equity	12,4	23,0	22,2	11,9	12,1

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.

Management's review

The principal activities of the group

The principal activity of the parent enterprise is the ownership, management and administration of subsidiaries.

The principal activity of PF Group is the manufacturing, marketing and sales of materials and products to a wide range of industries.

The products are sold worldwide, and the major part of the turnover is exported from Denmark.

Development in activities and financial matters

2018 was a year of several successes, but certainly also challenges for PF Group. Although financial results were healthy, own expectations were not met. External market and political factors as well as internal matters posed challenges that demanded special attention and more resources than expected.

In 2018, PF Group experienced a drop in turnover of 10% during 2018 ending up with a total turnover of MDKK 362,0 and achieving a result before tax of MDKK 25,4 compared to a result before tax of MDKK 39,2 in 2017. From year-end 2017 to year-end 2018, the balance sheet total went from MDKK 319,2 to MDKK 295,5.

Considering the challenges, the executive board and the board of directors consider the results for the year 2018 acceptable but not satisfying.

The future

The future for PF Group is expected to show an increase in activities and a higher result before tax as initiatives from 2017 and 2018 together with new opportunities will support the positive growth expectations.

Materiel business risks

PF Group continuously strives to be competitive on prices in the markets in which it operates. Still, there are and will continue to be pressure on sales prices, which requires measures comprising continuous automation and efficiency improvements.

The application of raw materials like steel, aluminum etc. poses a particular risk, since fluctuation in purchasing prices of raw material does not always follow trends in the market prices of the finished goods.

The management is aware of the challenge and is working continuously to minimize the risk.

The group's credit risk on trade receivables is minimized by means of credit insurance, where it is considered prudent. The group also cooperates with collection agencies, so that the actual losses on bad debts are kept to a minimum. It is not, however, the group's general policy to hedge commercial foreign exchange risks.

Financial risks

The board continuously assesses whether the capital structure of PF Group is consistent with company interests and with the interests of company stakeholders. The main objective is to ensure a capital structure supporting the objective of long-term profitable growth.

On 31 December 2018, the net interest-bearing debts of PF Group amounted to MDKK 75,1 and the solvency ratio was 52 %.

As the interest-bearing debt represents a significant amount, any major changes in interest rates will have a direct effect on the consolidated earnings. In 2018, no amendments have been made to the guidelines or procedures regarding the management and administration of this aspect, and in order to minimize the interest risk, a part of the debts of PF Group have been incurred at fixed interest rates.

Management's review

Business model

As in previous years, the PF Group's business model is manufacturing, marketing and sales of materials and products to a wide range of industries.

Statement of corporate social responsibility

This section is PF Group's statement in accordance with §99a of the Danish Financial Statements Act. PF Group uses a large number of suppliers and partners, who can pose a risk, if they do not share PF Group's attitudes and values in the area of human rights. PF Group has in 2015 implemented an overall policy for corporate social responsibility, including human rights, climate and environment. The Board reviewed the signed “Business Principles & Corporate Social Responsibility” in 2018. The policy is based on the ten principles of corporate social responsibility in the UN Global Compact: The Universal Declaration of Human Rights (principles 1-2), The International Labor Organization’s Declaration on Fundamental Principles and Rights at Work (principles 3-6), The Rio Declaration on Environment and Development (principles 7-9) and The United Nations Convention Against Corruption (principle 10). PF Group does not make a dedicated COP-report (Communication on Progress), but it has always been good practice and part of the values of PF Group to manage for long-term sustainability and to uphold responsible business ethics.

<u>Human rights and Fundamental Principles and Rights at Work (UN Global Compact principles 1-6)</u>

PF Group wish to develop its core business and to handle its strategic challenges in a financially and socially responsible manner. PF Group has activities in countries characterized by high levels of regulation and explicit legislation in relation to human rights, but still attracting and retaining skilled employees can pose a risk to PF Group, if we do not continue to focus on social and employee relationships.

A part of the human attitude of PF Group is equal opportunities for all employees irrespective of gender or ethnicity. PF Group hire, remunerate and promote employees on a basis of skills, competences and performance - not according to gender (over- or under-represented), religion nor race. PF Group perform its business in a transparent and nondiscrimination manner - neither positive nor negative discriminating, and PF Group uphold the freedom of association and the effective recognition of the right to collective bargaining.

The efforts in 2018 have therefore consisted in continuing to focus on the fact that suppliers and partners share PF Group's attitudes and values in relation to human rights, which means that in 2018 we are not aware of exceedances of either local legislation or of exceedance of PF Group's policy for human rights. Key functions of PF Group (purchasing and sales) continue to receive training and instruction, to ensure that the values and policies of the Group are known by the staff, and to ensure that we stay compliance with the rules.

PF Group continuously develops employees' competence and flexibility and provides safe and healthy working conditions in the same way as PF Group has entered into a cooperation with local authorities and language schools about activation of refugees and training of foreign workers. PF Group carries out voluntary activities and social actions to achieve its strategic goals. The working environment in general and social responsibilities against individuals in the factories and in the administration are on ongoing basis evaluated, and corrective actions are regularly implemented. PF Group continued its focus on the working environment in 2018 with a view to preventing occupational injuries through training the employees and following up on accidents as well as registered accidents. The results of the registrations show an accident rate in 2017 of 0,7 and 2,4 in 2018. The standard for the industry showed in 2017 8,9 (DI, Manufacturing Industry, all). PF Group complies with legislation in the countries and local societies in which it is operating. Initiatives related to external parties such as suppliers and sub-contractors are to be evaluated.

Environmental issues (UN Global Compact principle 7-9):
PF Group is environmentally conscious and is engaged in targeted and systematic efforts to continuously protecting the environment through energy and material optimization, pollution prevention, waste minimization and environmental management. The goal is continually to reduce environmental impacts caused by the business operation. The ambition is to implement same or similar politics and principles in all PF Group entities, and will promptly develop and implement plans and programs to correct any non-compliant practices.

In 2018, PF Group has invested in further automatization in the factories among others to reduce energy consumption, implemented significant initiatives within optimization of material consumption and focused on developments within the CO_2 neutral aluminum range. Recycling initiatives and new waste handling processes have been implemented.

All PF Group companies are environmentally approved if necessary in accordance with local requirements. PF Group is not involved in any pending environmental cases.

Corruption (UN Global Compact principle 10):
PF Group works against corruption in all its forms, including extortion and bribery. PF Group conducts its business with high ethical standards, honesty and respect for others, and complies with the laws and regulations in the countries PF Group operates.

PF Group has described policies on corruption and bribery. There are specific rules about gifts, whether it is to receive or give. There is ongoing follow-up on these rules. All travel expenses and other expenses that are not related to the direct business operation must be approved by the local Country Managers. All gifts above DKK 500 must be approved by the local Country Managers too. We are not aware of any corruption or bribery events by PF Group during 2018.

Once per year CSR and the signed "Business Principles & Corporate Social Responsibility" is subject on the agenda for a board meeting. Actions and decisions made by the Board are noted and followed up via the summary of the board meeting.

Stakeholders and communication

PF Group continuously seeks to develop and maintain good relationships with relevant stakeholders as such relationships are considered to be of great value to the group in terms of positive development.

PF Group has drawn up a communications policy and additional policies on various key areas such as staff, environment and responsibility towards customers and society as a whole. The policies and related procedures are to ensure that information of importance for e.g. investors, employees and authorities is forwarded to same and published in accordance with current rules and agreements. Part of the responsibility of the board of directors is to ensure both compliance and current adaptation of the guidelines in accordance with the development within the group as well as in its environment.

Staff matters and know-how

During the year, the group has an increase in number of competent and experienced employees, which has strengthened the group's base in terms of commercial power, technical competence and managerial insight, while restructuring in minor legal entities has resulted in a reduction in the number of employees.

Development in the total workforce:

	Denmark	Abroad
Staff beginning 2018	175	122
Recruitments net during the year	-10	4
Staff year-end 2018	165	126

On average, PF Group has employed 291 people during 2018. In 2017 the figure showed 297.

The engineering and production activity of PF Group requires special skills and knowledge of the techniques in this particular field of business. The objective of the group is to always be up to speed with the latest developments within this field of expertise as well as to ensure rapid adaptability.

In order to continue to maintain the high level of knowledge it is crucial that PF Group can continuously recruit and retain staff with the necessary professional skills in production and in administration.

Corporate governance

The board of directors and the executive board consistently seek to ensure that the company's management structure and control systems are appropriate and that they function satisfactorily. On an ongoing basis, the management also develops and maintains internal procedures, to achieve the active, safe and profitable management of the company.

The planning of management tasks is based on the Companies Act, the Danish Financial Statements Act, the Articles of Association of the group, as well as on good practice for companies of the same size and with the same international reach as PF Group.

By virtue of its status as a company owned by a private equity fund, PF Group strives to comply with the DVCA guidelines for responsible ownership and good corporate governance. The report refers to www.dvca.dk for further information on guidelines, and likewise. The usual channels shall publish the group annual accounts.

Target figures and policies for the under-represented sex

Pursuant to Danish legislation on gender composition (Section 99b of the Danish Financial Statements Act) at various management level undertakings, the company has decided that the members of the board appointed by the general meeting should represent minimum 25 % of the under-represented gender by the ordinary general meeting in 2020, at the latest. In 2018, the gender bal-ance of the company's board appointed by the general meeting showed: four men and no women, and does not yet meet the target for 2020. The company is not currently considering changing the composition of the board of directors as there is a balance in respect of skills and capability. When a vacancy on the board occurs, the company will make sure that the law regarding the under-represented Gender is taken into account.

The business area of PF Group is a traditionally male-dominated field, and the company must make sure to get enough women into the organization at all levels. What is defined as ‘enough’ will always be influenced by the requirements of the position as well as the proportion of women with the right skills, education, ambitions, etc. who apply for the respective jobs.

The target of minimum 25 % of the under-represented gender reflects the policy of increasing the proportion of the under-represented gender. The breakdown in PF Group as a whole shows 15 % women and 85 % men in 2018, which corresponds to the distribution during the last years. When new recruitments are relevant the target of minimum 25 % of the under-represented gender will be taken into consideration.

As regards the top management level, one out of five C-level managers is a woman. On other management levels, the target is not completely met, but the ratio is around 10% end 2018. When recruiting new managers the first priority is competencies and skills, however, if two candidates have the same level qualifications, any woman will be given priority.

Responsibilities of the board of directors
On a current basis, the board of directors of PF Group ensures that the executive board complies by the objectives, the strategies and the business procedures adopted. Information from the executive board is provided systematically at meetings and through written and oral reports. Such reporting includes developments in the outside world, the company's development and profitability and the financial position, including an evaluation of the business risks and of the financial risks.

In addition to the general meeting, the board of directors meets five times a year according to a scheduled meeting calendar. The agendas for the four meetings have been structured according to a rotation system ensuring that the board in the course of a calendar year will discuss all relevant issues. Between the ordinary board meetings, the board of directors are kept informed on a current basis of the company's results and financial position, and the board will be convened for extraordinary meetings if circumstances call for it. Further information concerning the board of directors appears in note 25.

No audit committee has been appointed, because the board is handling such tasks.

Fee to the board of directors
Directors' fees and remuneration to the executive employees comprise a fixed salary with no incentive pay.

Shareholding by the board of directors, the executive board and the executive employees
At year-end, Maj Invest Equity 4 K/S and the executive board (via Nila Invest Herning ApS) have been registered as owners of a minimum of 5 % of the voting rights or of the share capital (share-holders ownership interest and voting rights are identical) in PF Group. By means of an ownership interest of 74 %, the private equity fund Maj Invest Equity 4 K/S is controlling the company. Partner Mr. Niels Garde Toft represents the private equity fund on the board of directors.

Dividend policy
Any distribution of dividend will take place with due consideration to the necessary consolidation of equity as a basis for the company's continued expansion.

Events subsequent to the financial year
No events have occurred subsequent to the balance sheet date that would have any material impact on the company’s financial position as per 31 December 2018.

Accounting policies used

The annual report for PF Group A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (large enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

Derived financial instruments

At the first recognition, derived financial instruments are recognised at cost in the balance sheet. Afterwards they are measured at fair value. Positive and negative fair values of derived financial instruments are recognised under other debtors and other creditors respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the profit and loss account together with any changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging future cash flows are recognised under amounts owed or other debt in the equity.

If the future transaction results in the recognition of assets or liabilities, amounts which have been recognised in the equity previously, are transferred to the cost for the asset or the liability, respectively. If the future transaction results in income or costs, amounts which have been recognised in the equity currently, are transferred to the profit and loss account in the period in which the hedged item influenced the profit and loss account.

As regards any derived financial instruments which do not meet the criteria for being treated as hedging instruments, changes in the fair value are recognised currently in the profit and loss account.

Changes in the fair value of derived financial instruments used for hedging net investments in independent foreign group enterprises or associated enterprises are recognised directly in the equity.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company PF Group A/S and those group enterprises of which PF Group A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

Positive balances (goodwill) between cost and fair value of the acquired, identifiable assets and liabilities, including provisions for restructuring, are recognised under intangible fixed assets and in accordance with an individual evaluation allocated on a systematic basis over their useful lives in the profit and loss account. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

Gains or losses from the disposal or termination of group enterprises or associated enterprises are recognised as the difference between the sales price or the termination sum and the book value of the net assets at the sales date and expected costs of sale or termination.

The profit and loss account

Net turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Cost of sales

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Accounting policies used

Other operating income

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent enterprise and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent enterprise acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Patents, and licences

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 10 years.

Goodwill

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is 20 years. The amortisation period is determined on the basis of an expected payback period, being the longer for strategical acquirees with a strong market position and an expected long-term earnings profile.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Buildings	20-50 years
Technical plants and machinery	3-10 years
Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies used

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

As regards assets of own production, the cost comprises direct and indirect costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs form specific and general borrowing concerning the construction of each individual asset.

Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the group holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The group's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Accounting policies used

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Accounting policies used

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

PF Group A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, PF Group A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities
Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

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

Accrued expenses and deferred income
Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities
Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities
Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Accounting policies used

Cash flow from financing activities
Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds
Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

Segment information

Information on activity and geographical markets is provided. The segment information follows the consolidated accounting policies, risks and internal financial control systems.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		Group 2018	Group 2017	Parent enterprise 2018	Parent enterprise 2017
1	Net turnover	361.989.833	401.885.156	249.600	249.600
	Change in inventories of finished goods and work in progress	-1.039.375	1.649.355	0	0
	Other operating income	207.619	286.882	0	0
	Raw materials and consumables used	-143.702.008	-165.738.415	0	0
	Other external costs	-45.597.921	-49.590.924	545.980	-6.196.310
	Gross results	**171.858.148**	**188.492.054**	**795.580**	**-5.946.710**
2	Staff costs	-125.622.048	-126.913.311	0	0
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-16.848.123	-17.124.703	-200.004	-200.004
	Operating profit	**29.387.977**	**44.454.040**	**595.576**	**-6.146.714**
	Income from equity investments in group enterprises	0	0	19.225.434	35.940.375
	Other financial income from group enterprises	0	0	651.441	417.424
	Other financial income	43.232	539.071	8	513
3	Other financial costs	-4.011.047	-5.772.014	-3.128.217	-2.980.544
	Results before tax	**25.420.162**	**39.221.097**	**17.344.242**	**27.231.054**
	Tax on ordinary results	-7.489.385	-11.380.440	586.535	609.603
4	**Results for the year**	**17.930.777**	**27.840.657**	**17.930.777**	**27.840.657**

Balance sheet 31 December

All amounts in DKK.

Assets

Note		Group 2018	Group 2017	Parent enterprise 2018	Parent enterprise 2017
	Fixed assets				
5	Acquired concessions, patents, licenses, trademarks and similar rights	883.311	1.083.315	883.311	1.083.315
6	Goodwill	89.450.517	95.655.165	0	0
	Intangible fixed assets in total	90.333.828	96.738.480	883.311	1.083.315
7	Land and property	62.789.568	64.557.705	0	0
8	Production plant and machinery	9.452.376	10.054.548	0	0
9	Other plants, operating assets, and fixtures and furniture	8.790.552	11.034.302	0	0
	Tangible fixed assets in total	81.032.496	85.646.555	0	0
10	Equity investments in group enterprises	0	0	217.309.874	219.268.724
	Financial fixed assets in total	0	0	217.309.874	219.268.724
	Fixed assets in total	**171.366.324**	**182.385.035**	**218.193.185**	**220.352.039**

Balance sheet 31 December

All amounts in DKK.

Assets

Note		Group 2018	Group 2017	Parent enterprise 2018	Parent enterprise 2017
	Current assets				
	Raw materials and consumables	20.945.692	18.744.521	0	0
	Work in progress	13.247.031	16.149.108	0	0
	Manufactured goods and trade goods	24.450.922	22.588.220	0	0
	Inventories in total	58.643.645	57.481.849	0	0
	Trade debtors	42.280.714	43.821.636	0	0
	Amounts owed by group enterprises	0	0	13.498.106	11.262.094
	Receivable corporate tax	41.970	0	605.391	9.250.460
	Other debtors	1.882.711	1.279.242	2.625	0
11	Accrued income and deferred expenses	740.041	1.018.503	0	0
	Debtors in total	44.945.436	46.119.381	14.106.122	20.512.554
	Available funds	20.536.878	33.175.491	0	0
	Current assets in total	**124.125.959**	**136.776.721**	**14.106.122**	**20.512.554**
	Assets in total	**295.492.283**	**319.161.756**	**232.299.307**	**240.864.593**

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2018	Group 2017	Parent enterprise 2018	Parent enterprise 2017
	Equity				
12	Contributed capital	10.000.000	10.000.000	10.000.000	10.000.000
	Reserves for net revaluation as per the equity method	0	0	0	0
	Results brought forward	142.085.304	127.069.473	142.085.304	127.069.473
	Equity in total	**152.085.304**	**137.069.473**	**152.085.304**	**137.069.473**
	Provisions				
13	Provisions for deferred tax	4.134.956	4.242.739	120.106	101.250
	Provisions in total	**4.134.956**	**4.242.739**	**120.106**	**101.250**
	Liabilities				
14	Mortgage debt	22.701.938	26.156.106	0	0
15	Other banking institutions	66.000.000	96.000.000	66.000.000	96.000.000
16	Bank debts	2.103.416	2.692.724	0	0
17	Leasing liabilities	224.594	245.279	0	0
	Long-term liabilities in total	91.029.948	125.094.109	66.000.000	96.000.000

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2018	Group 2017	Parent enterprise 2018	Parent enterprise 2017
	Short-term part of long-term liabilities	4.225.027	4.240.691	0	0
	Bank debts	402.233	4.496.510	13.780.910	4.477.670
	Prepayments received from customers	540.921	239.293	0	0
	Trade creditors	19.588.215	15.190.152	0	0
	Debt to group enterprises	0	0	0	2.000.000
	Corporate tax	0	1.006.867	0	0
	Other debts	23.295.550	27.019.856	312.987	1.216.200
18	Accrued expenses and deferred income	190.129	562.066	0	0
	Short-term liabilities in total	48.242.075	52.755.435	14.093.897	7.693.870
	Liabilities in total	**139.272.023**	**177.849.544**	**80.093.897**	**103.693.870**
	Equity and liabilities in total	**295.492.283**	**319.161.756**	**232.299.307**	**240.864.593**

19 Fee, auditor

20 Mortgage and securities

21 Contingencies

22 Financial risks

23 Related parties

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserves for net revaluation as per the equity method	Results brought forward	In total
Equity 1 January 2017	10.000.000	0	95.375.925	105.375.925
Share of results	0	0	27.840.657	27.840.657
Exchange rate adjustments	0	0	-1.148.362	-1.148.362
Cash capital increase merger	0	0	2.631.588	2.631.588
Adjustment merger	0	0	182.304	182.304
Sale of shares merger	0	0	2.000.016	2.000.016
Market value adjustment swap contract	0	0	187.345	187.345
Equity 1 January 2018	10.000.000	0	127.069.473	137.069.473
Share of results	0	0	15.430.777	15.430.777
Extraordinary dividend adopted during the financial year	0	0	2.500.000	2.500.000
Distributed extraordinary dividend adopted during the financial year	0	0	-2.500.000	-2.500.000
Exchange rate adjustments	0	0	-509.457	-509.457
Market value adjustment swap contract	0	0	94.511	94.511
	10.000.000	**0**	**142.085.304**	**152.085.304**

Statement of changes in equity of the parent enterprise

All amounts in DKK.

	Contributed capital	Reserves for net revaluation as per the equity method	Results brought forward	In total
Equity 1 January 2017	10.000.000	0	95.375.925	105.375.925
Transferred	0	14.636.802	-14.636.802	0
Distributed dividend	0	-49.616.160	49.616.160	0
Share of results	0	35.940.375	-8.099.718	27.840.657
Exchange rate adjustments	0	-1.148.362	0	-1.148.362
Capital movements group enterprises	0	187.345	0	187.345
Cash capital increase merger	0	0	2.631.588	2.631.588
Adjustment merger	0	0	182.304	182.304
Sale of shares merger	0	0	2.000.016	2.000.016
Equity 1 January 2018	10.000.000	0	127.069.473	137.069.473
Transferred	0	5.543.875	-5.543.875	0
Distributed dividend	0	-24.354.363	24.354.363	0
Share of results	0	19.225.434	-3.794.657	15.430.777
Extraordinary dividend adopted during the financial year	0	0	2.500.000	2.500.000
Distributed extraordinary dividend adopted during the financial year	0	0	-2.500.000	-2.500.000
Exchange rate adjustments	0	-509.462	0	-509.462
Capital movements group enterprises	0	94.516	0	94.516
	10.000.000	**0**	**142.085.304**	**152.085.304**

Cash flow statement 1 January - 31 December

All amounts in DKK.

Note		Group 2018	2017
	Results for the year	17.930.777	27.840.657
24	Adjustments	28.305.323	38.551.994
	Change in working capital	399.492	242.387
	Cash flow from operating activities before net financials	46.635.592	66.635.038
	Interest received and similar amounts	43.232	539.071
	Interest paid and similar amounts	-4.011.047	-5.772.014
	Cash flow from ordinary activities	42.667.777	61.402.095
	Corporate tax paid	-8.646.005	-10.743.670
	Cash flow from operating activities	**34.021.772**	**50.658.425**
	Purchase of tangible fixed assets	-6.386.467	-9.206.879
	Sale of tangible fixed assets	400.184	633.456
	Cash flow from investment activities	**-5.986.283**	**-8.573.423**
	Repayments of long-term debt	-34.079.825	-35.292.501
	Dividend paid	-2.500.000	0
	Cash flow from financing activities	**-36.579.825**	**-35.292.501**
	Changes in available funds	**-8.544.336**	**6.792.501**
	Available funds 1 January	28.678.981	21.886.480
	Available funds 31 December	**20.134.645**	**28.678.981**

	Available funds		
	Available funds	20.536.878	33.175.491
	Short-term bank debts	-402.233	-4.496.510
	Available funds 31 December	**20.134.645**	**28.678.981**

Notes

All amounts in DKK.

1. Net turnover

Segment information

Information on activity and geographical markets is provided. The segment information follows the consolidated accounting policies, risks and internal financial control systems.

All amounts in TDKK

Year 2018

Gratings ect. 270.062, other goods 91.928, total 361.990.

Skandinavia 209.865, other countries 152.125, total 361.990.

Year 2017

Gratings ect. 359.846, other goods 42.039, total 401.885.

Skandinavia 255.678, other countries 146.207, total 401.885.

	Group 2018	Group 2017	Parent enterprise 2018	Parent enterprise 2017
2. Staff costs				
Salaries and wages	113.709.513	115.700.236	0	0
Other staff costs	11.912.535	11.213.075	0	0
	125.622.048	**126.913.311**	**0**	**0**
Executive board and board of directors	2.584.898	2.346.970	0	0
Average number of employees	291	297	0	0
3. Other financial costs				
Financial costs, group enterprises	0	0	8.667	0
Other financial costs	4.011.047	5.772.014	3.119.550	2.980.544
	4.011.047	**5.772.014**	**3.128.217**	**2.980.544**

Notes

All amounts in DKK.

		Parent enterprise 2018	2017
4.	**Proposed distribution of the results**		
	Extraordinary dividend adopted during the financial year	2.500.000	0
	Reserves for net revaluation as per the equity method	19.225.434	35.940.375
	Allocated from results brought forward	-3.794.657	-8.099.718
	Distribution in total	**17.930.777**	**27.840.657**

		Group		Parent enterprise	
		31/12 2018	31/12 2017	31/12 2018	31/12 2017
5.	**Acquired concessions, patents, licenses, trademarks and similar rights**				
	Cost 1 January	2.000.000	2.000.000	2.000.000	2.000.000
	Cost 31 December	**2.000.000**	**2.000.000**	**2.000.000**	**2.000.000**
	Amortisation and writedown 1 January	-916.685	-716.681	-916.685	-716.681
	Amortisation for the year	-200.004	-200.004	-200.004	-200.004
	Amortisation and writedown 31 December	**-1.116.689**	**-916.685**	**-1.116.689**	**-916.685**
	Book value 31 December	**883.311**	**1.083.315**	**883.311**	**1.083.315**

Notes

All amounts in DKK.

		Group	
		31/12 2018	31/12 2017
6.	**Goodwill**		
	Cost 1 January	124.093.135	124.093.135
	Cost 31 December	**124.093.135**	**124.093.135**
	Amortisation and writedown 1 January	-28.437.970	-22.233.322
	Amortisation for the year	-6.204.648	-6.204.648
	Amortisation and writedown 31 December	**-34.642.618**	**-28.437.970**
	Book value 31 December	**89.450.517**	**95.655.165**
7.	**Land and property**		
	Cost 1 January	137.008.224	136.282.054
	Translation by use of the exchange rate valid on balance sheet date 31 December	-166.367	-358.114
	Additions during the year	2.075.191	1.084.284
	Cost 31 December	**138.917.048**	**137.008.224**
	Depreciation and writedown 1 January	-72.450.519	-68.865.682
	Translation by use of the exchange rate valid on balance sheet date 31 December	16.345	65.589
	Depreciation for the year	-3.693.306	-3.650.426
	Depreciation and writedown 31 December	**-76.127.480**	**-72.450.519**
	Book value 31 December	**62.789.568**	**64.557.705**

Notes

All amounts in DKK.

		Group	
		31/12 2018	31/12 2017
8.	**Production plant and machinery**		
	Cost 1 January	134.901.540	133.351.686
	Translation by use of the exchange rate valid on balance sheet date 31 December	-107.932	-319.022
	Additions during the year	3.180.605	3.401.529
	Disposals during the year	-1.385.647	-1.532.653
	Transfers	1.640.791	0
	Cost 31 December	**138.229.357**	**134.901.540**
	Depreciation and writedown 1 January	-124.846.992	-122.213.306
	Translation by use of the exchange rate valid on balance sheet date 31 December	101.048	241.936
	Depreciation for the year	-3.881.582	-4.400.966
	Depreciation, amortisation and writedown for the year, assets disposed of	1.385.647	1.525.344
	Transfers	-1.535.102	0
	Depreciation and writedown 31 December	**-128.776.981**	**-124.846.992**
	Book value 31 December	**9.452.376**	**10.054.548**
	Leased assets are included with a book value of	371.179	418.024

Notes

All amounts in DKK.

		Group	
		31/12 2018	31/12 2017
9.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January	21.795.491	20.266.721
	Translation by use of the exchange rate valid on balance sheet date 31 December	-7.686	-22.946
	Additions during the year	1.130.671	4.721.066
	Disposals during the year	-1.380.659	-3.169.350
	Transfers	-1.640.791	0
	Cost 31 December	**19.897.026**	**21.795.491**
	Depreciation and writedown 1 January	-10.761.189	-11.003.099
	Translation by use of the exchange rate valid on balance sheet date 31 December	7.721	21.269
	Depreciation for the year	-3.086.100	-2.668.562
	Depreciation and writedown, assets disposed of	1.197.992	2.889.203
	Transfers	1.535.102	0
	Depreciation and writedown 31 December	**-11.106.474**	**-10.761.189**
	Book value 31 December	**8.790.552**	**11.034.302**

Notes

All amounts in DKK.

	Parent enterprise 31/12 2018	Parent enterprise 31/12 2017
10. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January	239.740.602	239.740.602
Disposals during the year	-1.000	0
Cost 31 December	**239.739.602**	**239.740.602**
Revaluations, opening balance 1 January	7.966.092	16.398.246
Exchange rate adjustment	-572.550	-1.148.362
Results for the year before goodwill amortisation	25.430.082	42.145.023
Reversals for the year concerning disposals	3.649.113	0
Dividend	-24.354.363	-49.616.160
Other movements in capital	94.516	187.345
Revaluation 31 December	**12.212.890**	**7.966.092**
Amortisation of goodwill, opening balance 1 January	-28.437.970	-22.233.322
Amortisation of goodwill for the year	-6.204.648	-6.204.648
Depreciation on goodwill 31 December	**-34.642.618**	**-28.437.970**
Book value 31 December	**217.309.874**	**219.268.724**
The items include goodwill with an amount of	89.450.517	95.665.165

Group enterprises:

	Domicile	**Share of ownership**
A/S Maskinfabrikken PcP	Herning, Denmark	100 %
PF Værktøj Herning ApS	Herning, Denmark	100 %
Nordjysk Døgngalvanisering A/S	Rebild, Denmark	100 %
ElefantRiste A/S	Holstebro, Denmark	100 %
Elefant Gratings Ltd.	Dartford, England	100 %
PcP. Norge AS	Forus, Norway	100 %
PcP. Grating Ltd.	Wolverhampton, England	100 %
PcP. Sicherheitsroste GmbH	Breckerfeld, Germany	100 %
PcP. Nederland B.V.	Oudenbosch, Netherlands	100 %
PcP. Belgium S.A.	Sprimont, Belgium	100 %
PcP. Durk Sverige AB	Gøteborg, Sweden	100 %
Guardrail Engineering Ltd.	Wolverhampton, England	100 %

Notes

All amounts in DKK.

	Group 31/12 2018	Group 31/12 2017	Parent enterprise 31/12 2018	Parent enterprise 31/12 2017
11. Accrued income and deferred expenses				
Prepaid insurance and subscriptions	740.041	1.018.503	0	0
	740.041	**1.018.503**	**0**	**0**
12. Contributed capital				
Contributed capital 1 January	10.000.000	10.000.000	10.000.000	10.000.000
	10.000.000	**10.000.000**	**10.000.000**	**10.000.000**

The share capital consists of 10.000.000 shares, each with a nominal value of DKK 1. No shares hold particular rights.

	Group 31/12 2018	Group 31/12 2017	Parent enterprise 31/12 2018	Parent enterprise 31/12 2017
13. Provisions for deferred tax				
Provisions for deferred tax 1 January	4.242.739	3.822.139	101.250	82.393
Deferred tax of the results for the year	-107.783	420.600	18.856	18.857
	4.134.956	**4.242.739**	**120.106**	**101.250**
The following items are subject to deferred tax:				
Intangible fixed assets	131.471	112.615	131.471	112.615
Tangible fixed assets	4.439.315	4.503.635	0	0
Internal profit inventories	-836.879	-806.602	0	0
Current assets	365.456	384.444	0	0
Liabilities	35.593	48.647	-11.365	-11.365
	4.134.956	**4.242.739**	**120.106**	**101.250**

Notes

All amounts in DKK.

	Group 31/12 2018	Group 31/12 2017	Parent enterprise 31/12 2018	Parent enterprise 31/12 2017
14. Mortgage debt				
Mortgage debt in total	26.249.965	29.821.115	0	0
Share of amount due within 1 year	-3.548.027	-3.665.009	0	0
	22.701.938	**26.156.106**	**0**	**0**
Share of liabilities due after 5 years	8.929.448	12.198.679	0	0
15. Other banking institutions				
Other banking institutions in total	**66.000.000**	**96.000.000**	**66.000.000**	**96.000.000**
Share of liabilities due after 5 years	0	0	0	0
16. Bank debts				
Bank debts in total	2.689.826	3.153.430	0	0
Share of amount due within 1 year	-586.410	-460.706	0	0
	2.103.416	**2.692.724**	**0**	**0**
Share of liabilities due after 5 years	0	0	0	0

Notes

All amounts in DKK.

		Group	
		31/12 2018	31/12 2017
17.	**Leasing liabilities**		
	Leasing liabilities in total	315.184	360.255
	Share of amount due within 1 year	-90.590	-114.976
		224.594	**245.279**
	Share of liabilities due after 5 years	0	0
18.	**Accrued expenses and deferred income**		
	Prepayments/deferred income	190.129	562.066
		190.129	**562.066**
19.	**Fee, auditor**		
	Total fee for auditors	1.303.718	1.566.312
	Fee concerning compulsory audit, Partner Revision A/S	459.250	469.551
	Fee concerning compulsory audit, others	453.468	569.761
	Other services	391.000	527.000
		1.303.718	**1.566.312**

Notes

All amounts in DKK.

20. Mortgage and securities

Parent enterprise

Stocks/shares in Danish and Swedish group enterprises representing a book value of 186.536 TDKK on 31 december 2018 are provided as security for the group commitment to Nordea Bank A/S, credit line 101.000 TDKK.

There has been given a negative pledge as security for the company and some group enterprises accounts with banks.

Group

There has been given a negative pledge as security for group enterprises accounts with banks.

As security for the mortgage/bank debt, 95.342 TDKK, mortgage nominal 100.236 TDKK has been granted on land and property representing a book value of 62.790 TDKK on 31 december 2018.

Chattel mortgage deed 3.000 TDKK on specific machine.
The machine is representing a book value of 0 DKK on 31 December 2018.

There is provided mortgage deed in some inventories, debtors and operating assets as security for bank debt and leasing liabilities. The inventories and debtors and operating assets is representing a book value of 18.339 TDKK on 31 December 2018.

Notes

All amounts in DKK.

21. Contingencies

Contingent liabilities

Parent enterprise

The company has provided guarantees for the bank debts of the group enterprises credit line 101.000 TDKK.

There has been given a letter of support for group enterprises.

The company has provided guarantees for mortgage debt in some group companies, debt 31 December 2018 21.754 TDKK.

Group

Operational leasing contracts with an average annual leasing payment 2.628 TDKK.
Total outstanding leasing payments 5.817 TDKK.

Rent contracts with an average annual rent 2.398 TDKK.
The rent in the notice period 7.557 TDKK.

The group has entered binding agreements on purchase of machines for 4.698 TDKK for delivery in 2019.

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

22. Financial risks

Interest risks

The group has entered an interest rate swap agreement in order to limit the interest rate risk in relation to a mortgage loan with a floating interest rate. Changes in the market value of the interest rate swap are recognised directly in equity. Market value interest rate swap agreement on 31/12 201 -755.440 DKK is booked under other debts. The market value interest rate swap agreement comprises nominal 957.657 EUR and interest rate between 1,5 % and 3,0 %.

Notes

All amounts in DKK.

23. Related parties

Controlling interest

Maj Invest Equity 4 K/S Copenhagen Denmark	Majority shareholder

Other related parties

Group enterprises, members of the board and executive board of the group enterprises. Together they own 18 % of the share capital.

Transactions

All transactions have been carried out on an arm´s length basis and therefore ÅRL § 98c, stk. 7 is in use.

24. Adjustments

Depreciation and amortisation	16.848.123	17.124.703
Other financial income	-43.232	-539.071
Other financial costs	4.011.047	5.772.014
Tax on ordinary results	7.489.385	11.380.440
Adjustments merger	0	4.813.908
	28.305.323	**38.551.994**

Notes

All amounts in DKK.

25. Board information

Hans Lohmann (Appointed by MIE4 Holding 3 ApS per 15.05.2013):
Executive board: Bluecap Invest ApS.

Board of directors: PF Group A/S, A/S Maskinfabrikken PcP, Nordjysk Døgngalvanisering A/S, Elefantriste A/S, Sjørring Maskinfabrik A/S , Sjørring Invest ApS, Milton Megatherm A/S, Roll-O-Matic A/S, IAI Holding A/S, Ib Andresen Industri A/S, Budweg Caliper A/S, Caphol Budweg Caliper ApS, Holdingselskabet af 12. marts 2007 ApS and Bluecap Invest ApS.

Niels Garde Toft (Appointed by MIE4 Holding 3 ApS per 27.06.2013):
Executive board: LDE 1 Aps, LDE 2 ApS, Equity Datterholding 15 (FM) ApS, MIE4 Holding 6 ApS, MIES Holding 7 ApS, LDETRE Holding 13 Aps, RoM Invest ApS, Roll-O-Matic Holding ApS and Maks ApS.

Board of directors: PF Group A/S, A/S Maskinfabrikken PcP, Fonden LDE 2 GP, Proløn A/S, Proløn Holding ApS, Aclass Holding ApS, Aclass A/S, Unwire Holding ApS and Roll-O-Matic A/S.

Martin Krogh Pedersen (Appointed by Nila Invest, Herning ApS per 15.05.2013):
Executive board: K.P. Holding A/S, MHKP Holding ApS, MHKPO ApS and MHKPS ApS.

Board of directors: PF Group A/S, A/S Maskinfabrikken PcP, Ringkjøbing Landbobank Aktieselskab, K.P. Komponenter A/S, Trestads Precisionsmekanik AB, KP Componets Inc., KP Group ApS, K.P. Group Holding ApS and Techo A/S.

Jesper Kirkeby Hansen (Appointed by MIE4 Holding 3 ApS per 30.06.2015):
Executive board: Tefcold A/S and Churchtown ApS.

Board of directors: PF Group A/S and A/S Maskinfabrikken PcP.