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Havneholmen 29
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MENETA DANMARK APS
KIRKEGYDEN 52, 5270 ODENSE N
ANNUAL REPORT
2015

The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 4 May 2016

Name of Chairman of the Meeting

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COMPANY DETAILS

Company	Meneta Danmark ApS Kirkegyden 52 5270 Odense N
	CVR no.: 36 05 75 05
	Established: 23 July 2014
	Registered Office: Odense
	Financial Year: 1 January - 31 December
Board of Directors	Johnny Haakonsson, Chairman Ole Thanning Roholdt Christopher Watson
Board of Executives	Jens Fredskov
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Nordea Bank A/S Vester Stationsvej 7 5000 Odense C

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Meneta Danmark ApS for the year 1 January - 31 December 2015.

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 company's financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January - 31 December 2015.

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

We recommend that the Annual Report be approved at the Annual General meeting.

Odense, 30 March 2016

Board of Executives

Jens Fredskov

Board of Directors

Johnny Haakonsson

Ole Thanning Roholdt

Christopher Watson

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Meneta Danmark ApS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Meneta Danmark ApS for the financial year 1 January to 31 December 2015, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish Audit Legislation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

INDEPENDENT AUDITOR'S REPORT

STATEMENT ON THE MANAGEMENT'S REVIEW

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the financial statements.

Copenhagen, 30 March 2016

BDO Statsautoriseret revisionsaktieselskab, CVR-nr. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant

Søren Søndergaard Jensen
State Authorised Public Accountant

KEY FIGURES AND RATIOS

	2015 DKK '000	2014 DKK '000
Income statement		
Net revenue.....	159.149	162.793
Gross profit.....	59.929	53.172
Operating profit/loss.....	14.440	4.199
Financial income and expenses, net.....	-182	-877
Profit/loss for the year.....	11.174	2.545
Balance sheet		
Balance sheet total.....	92.520	104.919
Equity.....	58.694	47.520
Ratios		
Profit margin.....	9,1	2,6
Rate of return.....	14,4	3,0
Solvency ratio.....	63,4	45,3
Return on equity.....	21,0	5,6
Average number of employees.....	91	109
Net turnover per employee.....	1.749	1.494
Index for net revenue.....	98	100

MANAGEMENT'S REVIEW

Principal activities

The dominant business area of the company is sale and production of back plates for brake linings for use in the automotive industry - mainly for Europe.

Development in Financial Activities

The turnover made up 159,1 mio. DKK being 2 % lower than for financial year 2014.

The result of the company shows a surplus of 11,2 mio. DKK being 8,5 mio. DKK above the result of financial year 2014.

Balance sheet total makes up 92,5 mio. DKK with an equity share of 63 %.

Equity has been increased by 11,2 mio. DKK in financial year 2015.

Special Risks

Raw material is the most important part of the product price. Significant fluctuations of steel prices may thus have a shortsighted impact on the company's earning capacity.

The most important competitors of the company are located in Italy and Spain. The company's competitiveness is consequently dependent on the steel price development in North Europe against South Europe.

Currency is no special risk parameter as total purchase and sale is made in € or DKK.

Environmental Situation

The company has been Chapter 5 approved and is aware of the products' and production processes' potential environmental impact. Work is done constantly to reduce the impact.

Knowledge resource

The company can attract resources with the necessary knowledge and insight.

The company is ISO / TS16949 certified.

Significant events after the end of the financial year

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

Expectations to 2016

The company expects for 2016 an activity level in line with what was realized for 2015. The company expects, however, a result for 2016 a little lower than realized in year 2015.

ACCOUNTING POLICIES

The annual report of Meneta Danmark ApS for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-sized enterprises.

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

General about recognition and measurement

Income is recognised in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities. Any costs, including depreciation, amortisation and writedown, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is likely that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is likely that future economic benefits will flow from the company and the value of the liability can be measured reliably.

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following for each item.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest over the term. Amortised cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

The recognition and measurement takes into account predictable losses and risks arising before the year-end reporting and which prove or disprove matters that existed at the balance sheet date.

The carrying amount of intangible and tangible fixed assets should be estimated annually to determine if there is any indication of impairment in excess of the amount reflected by normal amortisation or depreciation. If this is the case, write-down should be made to the lower recoverable amount.

Consolidated financial statements

The company is included in the consolidated financial statements of Meneta Holding ApS, Kirkegyden 52, CVR number 27076998.

INCOME STATEMENT

Net revenue

The net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenues is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of sales

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

Other external costs

Other external costs include costs relating to distribution, sale, advertising, administration, premises, loss on bad debts, operating lease expenses and similar expenses.

Payments relating to operating lease agreements and other rental agreements are recognised in the income statement over the term of the contract. The company's total liability for operating lease and rental agreements is disclosed under contingencies.

ACCOUNTING POLICIES

Staff costs

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

Financial income and expenses in general

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

Tax on profit for the year

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

The company is jointly taxed with wholly owned Danish and foreign subsidiary enterprises. The current Danish corporation tax is distributed between the jointly taxed Danish companies in proportion to their taxable income, and with full distribution with refund regarding taxable losses. The jointly taxed companies are included in the tax-on-account scheme.

BALANCE SHEET

Tangible fixed assets

Production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and writedowns.

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

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

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

	Useful life	Residual value
Other investment assets.....	5-10 years	0%
Production plant and machinery.....	5-10 years	0%
Other plants, fixtures and equipment.....	3-8 years	0-30%
Leasehold improvements.....	3-8 years	0-30%

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

ACCOUNTING POLICIES

Inventories

Inventories are measured at cost based on weighted average prices. If the net realisable value is lower than cost, write-down is provided to the lower value.

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

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll costs and direct production costs.

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

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

Receivables

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

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

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

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

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

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. A change in the deferred tax, which is a result of changes to tax rates, is recognised in the income statement with the exception of items that are taken directly to equity.

Liabilities

Liabilities are measured at amortised cost equal to nominal value.

ACCOUNTING POLICIES

Foreign currency translation

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

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

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

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

CASH FLOW STATEMENT

In accordance with section 86(4) of the Danish Financial Statements Act, the company has omitted to prepare a cash flow statement because these cash flows are included in the cash flow statement of the group, see the consolidated financial statements of Meneta Holding ApS

KEY FIGURES

The key figures are prepared in accordance with the guidance of the Danish Association of Financial Analysts on "Recommendation & Key Figures". Reference is made to survey of principal figures and key figures concerning the formula for calculation of individual key figures.

Profit margin:

$$\frac{\text{Operating profit} \times 100}{\text{Net revenue}}$$

Rate of return:

$$\frac{\text{Profit before tax} \times 100}{\text{Avg. assets}}$$

Solvency ratio:

$$\frac{\text{Equity, end of period} \times 100}{\text{Total liabilities, end of period}}$$

Return on equity:

$$\frac{\text{Profit after tax} \times 100}{\text{Avg. equity}}$$

Net turnover per employee:

$$\frac{\text{Net turnover}}{\text{Average number of full - time employees}}$$

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2015 DKK '000	2014 DKK '000
NET REVENUE		159.149	162.793
Cost of sales.....		-79.895	-87.882
Other external expenses.....		-19.325	-21.739
GROSS PROFIT		59.929	53.172
Staff costs.....	1	-38.015	-40.546
Depreciation, amortisation and impairment.....		-7.474	-8.427
OPERATING PROFIT		14.440	4.199
Other financial income.....	2	411	457
Other financial expenses.....	3	-593	-1.334
PROFIT BEFORE TAX		14.258	3.322
Tax on profit.....	4	-3.084	-777
PROFIT FOR THE YEAR		11.174	2.545
PROPOSED DISTRIBUTION OF PROFIT			
Accumulated profit.....		11.174	2.545
TOTAL		11.174	2.545

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2015 DKK '000	2014 DKK '000
Production plants and machinery		17.580	23.044
Other plants, machinery, tools and equipment		464	739
Tangible fixed assets in progress and prepayment		0	537
Tangible fixed assets	5	18.044	24.320
FIXED ASSETS		18.044	24.320
Raw materials and consumables		4.923	3.998
Work in progress		1.214	1.129
Finished goods and goods for resale		21.061	21.022
Inventory		27.198	26.149
Trade receivables		38.770	32.947
Receivables from group enterprises		1.093	18.872
Other receivables		3.488	2.016
Receivables corporation tax		0	205
Prepayments and accrued income		24	129
Accounts receivable		43.375	54.169
Cash and cash equivalents		3.903	281
CURRENT ASSETS		74.476	80.599
ASSETS		92.520	104.919

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2015 DKK '000	2014 DKK '000
Share capital.....		50	50
Retained profit.....		58.644	47.470
EQUITY.....	6	58.694	47.520
Provision for deferred tax.....	7	506	1.208
PROVISION FOR LIABILITIES.....		506	1.208
Lease liabilities.....		1.063	4.222
Long-term liabilities.....	8	1.063	4.222
Short-term portion of long-term liabilities.....	8	3.159	1.921
Bank debt.....		744	21.132
Trade payables.....		15.620	18.967
Payables to group enterprises.....		610	887
Corporation tax.....		1.285	245
Other liabilities.....		10.839	8.817
Current liabilities.....		32.257	51.969
LIABILITIES.....		33.320	56.191
EQUITY AND LIABILITIES.....		92.520	104.919
 Contingencies etc.	9		
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Related parties	11		
Ownership	12		

NOTES

	2015 DKK '000	2014 DKK '000	Note
Staff costs			1
Wages and salaries.....	34.187	34.981	
Pensions.....	2.721	4.014	
Social security costs.....	1.107	1.551	
	38.015	40.546	
Other financial income			2
Group enterprises.....	335	293	
Other interest income.....	76	164	
	411	457	
Other financial expenses			3
Group enterprises.....	16	3	
Other interest expenses.....	577	1.331	
	593	1.334	
Tax on profit			4
Calculated tax on taxable income of the year.....	3.785	245	
Adjustment of deferred tax.....	-701	532	
	3.084	777	
Tangible fixed assets			5
	Production plants and machinery	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2015.....	30.484	1.028	537
Addition.....	1.676	60	115
Disposal.....	0	0	-652
Cost at 31 December 2015.....	32.160	1.088	0
Depreciation and write-down at 1 January 2015.....	7.440	290	
Depreciation.....	7.140	334	
Depreciation and write-down at 31 December 2015.....	14.580	624	
Carrying amount at 31 December 2015.....	17.580	464	0
Recognised assets not owned by the company: 6.583 DKK '000.			

NOTES

Note

Equity

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	Share capital	Retained profit	Total
Equity at 1 January 2015.....	50	47.470	47.520
Proposed distribution of profit.....		11.174	11.174
Equity at 31 December 2015.....	50	58.644	58.694

The share capital arises as a result of tax-free demerger of 1 January 2014.

Provision for deferred tax

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Provision for deferred tax relates to differences between the carrying amount and the tax value of securities, accounts receivable, intangible fixed assets and tangible fixed assets, including recognised finance leases.

The amount breaks down as follows:

	Carrying Value	Tax Value	Tax depre. or amort. above carrying value
Production plants and machinery.....	18.044	12.175	5.869
Inventory.....	27.198	26.507	691
Trade receivables.....	38.770	38.807	-37
Lease liabilities.....	-4.222	0	-4.222
	79.790	77.489	2.301
Deferred tax.....			506

Long-term liabilities

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	1/1 2015 total liabilities	31/12 2015 total liabilities	Repayment next year	Debt outstanding after 5 years
Lease liabilities.....	6.143	4.222	3.159	0
	6.143	4.222	3.159	0

NOTES

Note

Contingencies etc.

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The company has for the benefit of group enterprises issued guarantees of maximum DKK ('000) 82,798 tkr., secured on a business charge of DKK ('000) 87,100, corresponding to the companies' credit facilities, plus bank overdraft facilities, if any.

Lease agreement

The company has an annual lease agreement with Meneta ApS. The annual lease of DKK ('000) 1,800 for 2016.

Operating lease

The company has in addition to finance lease contracts entered into operating rent and lease agreements with an average annual lease payment of DKK ('000) 382.

Joint liabilities

The company is jointly and severally liable together with the parent company and the other group companies in the jointly taxed group for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income is stated in the annual report of Meneta Holding ApS, which serves as management company for the joint taxation.

Charges and securities

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Production plant and machinery, of a carrying amount of DKK ('000) 6,583 at 31 December 2015, is financed by a finance lease. The lease liabilities are stated at DKK ('000) 4,222 at 31 December 2015.

As security for bank debt of DKK ('000) 744, the company has issued a business charge of a nominal amount of DKK ('000) 25,000 on inventory and trade receivables of a total carrying amount of DKK ('000) 65,968 at 31 December 2015.

Kaution Meneta ApS (ikke realkredit) and Meneta Advanced Shims Technology A/S

NOTES**Note****Related parties****11**

Meneta Danmark ApS' related parties include:

Meneta ApS
Meneta Advanced Shims Technology A/S
Meneta Holding ApS
Meneta Automotive Component Pvt. Ltd.
Meneta (Shanghai) Co. Ltd.
Meneta Dalian Co.Ltd.

Controlling interest

Meneta ApS.

Other related parties with which the company has had transactions

The company's related parties with significant influence comprise subsidiaries and associates, the board of directors, board of executives, and leading employees of such companies as well as closely related family members of these. Related parties also comprise companies in which members of the above group hold significant interest.

Transactions with related parties

The company has not had significant transactions which were not performed on an arm's length basis.

Ownership**12**

The following shareholder is recorded in the company's register of shareholders as sole proprietor of the share capital:

Meneta ApS
Kirkegyden 52
5270 Odense N