Auto Akku ApS

Skovløbervej 4, DK-8600 Silkeborg

Annual Report for 9 November 2015 - 30 June 2016

CVR No 37 23 04 21

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/11 2016

Søren Ulrik Toft-Jensen
Chairman

Contents

Management's Statement

The Executive Board has today considered and adopted the Annual Report of Auto Akku ApS for the financial year 9 November 2015 - 30 June 2016.

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

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2016 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2015/16.

I recommend that the Annual Report be adopted at the Annual General Meeting.

Silkeborg, 30 November 2016

Executive Board

Søren Ulrik Toft-Jensen

Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements

To the Shareholder of Auto Akku ApS

Report on the Financial Statements and the Consolidated Financial Statements

We have audited the Financial Statements and the Consolidated Financial Statements of Auto Akku ApS for the financial year 9 November 2015 - 30 June 2016, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and summary of significant accounting policies. The Financial Statements and the Consolidated Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements and the Consolidated Financial Statements

Management is responsible for the preparation of Financial Statements and the Consolidated 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 and Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements and the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements and the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements and Consolidated 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 Company'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 evaluating the overall presentation of the Financial Statements and the Consolidated Financial Statements.

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

Our audit has not resulted in any qualification.

Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements

Opinion
In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Company and the Group at 30 June 2016 and of the results of the Company and the Group operations and of consolidated cash flows for the financial year 9 November 2015 - 30 June 2016 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements and the Consolidated Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements and the Consolidated Financial Statements.

Herning, 30 November 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Skjøtt Sørensen	Henning Jager Neldeberg
State Authorised Public Accountant	State Authorised Public Accountant

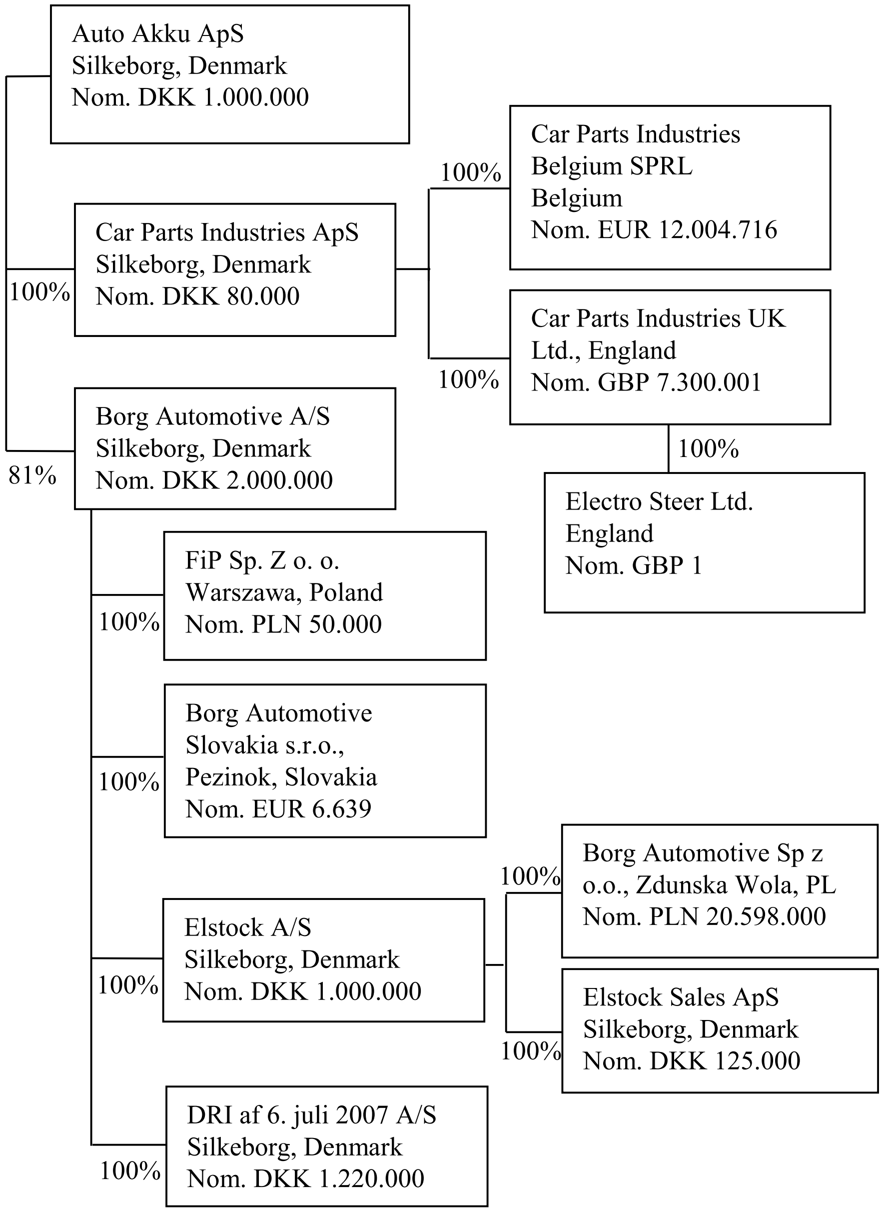
Company Information

The Company	Auto Akku ApS Skovløbervej 4 DK-8600 Silkeborg CVR No: 37 23 04 21 Financial period: 9 November - 30 June Municipality of reg. office: Silkeborg
Executive Board	Søren Ulrik Toft-Jensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 Postboks 399 DK-7400 Herning

Group Chart

Parent Company

Consolidated subsidiaries



Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2015/16	2014/15	2013/14	2012/13	2011/12
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	596.317	525.066	468.325	531.021	461.185
Gross profit/loss	266.113	159.004	181.502	185.794	148.858
Profit/loss before financial income and expenses	105.762	-13.983	29.421	42.546	21.553
Net financials	-17.407	-9.558	-7.646	-9.613	-12.229
Net profit/loss for the year	83.532	-40.900	4.697	16.056	6.736
Balance sheet					
Balance sheet total	680.036	563.389	533.541	460.356	508.892
Equity	222.019	77.866	117.841	99.739	89.280
Cash flows					
Cash flows from:					
- operating activities	75.053	-27.150	-5.217	16.503	21.640
- investing activities	-41.748	23	-20.490	-14.231	-48.157
including investment in property, plant and equipment	-7.299	-7.000	-13.274	-7.320	-16.834
- financing activities	32.758	-6.934	-13.036	4.313	13.104
Change in cash and cash equivalents for the year	66.063	-34.061	-38.743	6.585	-13.413
Number of employees	1.230	1.078	1.103	979	1.019
Ratios					
Gross margin	44,6%	30,3%	38,8%	35,0%	32,3%
Return on assets	15,6%	-2,5%	5,5%	9,2%	4,2%
Solvency ratio	32,6%	13,8%	22,1%	21,7%	17,5%
Return on equity	55,7%	-41,8%	4,3%	17,0%	7,6%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Main activity

The Company is engaged in international automotive spare parts trading, remanufacturing of Starters, Alternators, Air Condition Compressors as well as Brake Calipers.

Development in the year

The revenue increased from 525.1 to 596.3 mDKK. Primary due to growth on all product groups. The turnover in the main business consequently increased by 126.6 mDKK equivalent to 29% growth.

The Company showed a profit after tax for the year of mDKK 83.5 against a loss of mDKK 40.9 last year. Management considers the results for the year satisfactory, given the current conditions.

The improved revenue is primarily due to strong growth in the core business comprising remanufacturing of used automotive parts. The growth is driven by several different factors:

- Product efficiency and quality from the Company's factory in Poland was improved to a very competitive level during the year.

- The Company has been very successful in expanding its position within Mechatronics that combines mechanical and electrical engineering in e.g. Electric Steering, Colums/Racks, Hydraulic Steering Pumps and Electric Brake Calipers.

- In existing markets the Company won new important customers due to a high delivery performance and the broadest remanufacturing product program in the market.

- The Company's long standing focus on new markets also resulted in increasing revenue from these markets.

- The increasing volumes resulted in higher production efficiency, which further strengthened competitive power.

Special risks - operating risks and financial risks

Operating risks

The Company does not have any special operating risks. The Company is operating in a trading area with low cyclicality and a broad and loyal customer base. The customers are primarily domiciled in Western Europe but are distributed on many countries.

Management's Review

Risks relating to raw material and energy prices

The Group has no material risks relating to raw material or energy prices. The Group continuously purchases considerable volumes of cores, the price of which may fluctuate considerably but is only to a limited extent correlated to metal prices.

Foreign exchange risks

Due to the Group's foreign activities result of operations, cash flows and equity are affected by the exchange developments in a number of currencies, including substantially the movement in the PLN/DKK and GBP/DKK rate.

No speculative exchange transactions are made. As a main rule exchange risks relating to investments in foreign subsidiaries are not hedged as, in the Group's opinion, current hedging of such long term investments will not be optimal from an overall risk and cost perspective.

Interest rate risks

It is the Group's assessment that even considerable interest rate changes will not affect earnings materially.

Credit risks

The Group charges a deposit for cores. The Group has a repayment obligation in respect of deposits received from customers conditional on and at the same rate as customer return of cores. There is in the annual accounts a provision of mDKK 172.6 for return of cores from customers. Returns do not follow any specific pattern and do not necessarily coincide with the charging of deposit for new sales. This implies that the Group may experience considerable liquidity fluctuations from one period to the next. The Group mitigates this liquidity risk by agreeing, in respect of the majority of the credit facilities, on a certain period of notice.

The Group has no material risks relating to individual customers or business partners. All major customers are currently credit rated and insured against losses in accordance with the group credit risk policy. Other business partners are also currently credit rated. The company has during the past years only realized very limited losses on receivables.

Management's Review

Strategy and objectives

Strategy

The Company pursues organic growth with high customer and staff satisfaction. This goal will be achieved through continuous improvement of the Company's product programme, delivery performance and service. The growth should be profitable with a positive cash flow.

Targets and expectations for the year ahead

In the year ahead the Company expects to see a continued increasing level of activity and an improvement of result before tax from mDKK 88.4 in this year to a level of mDKK 130-150 in the coming year. This expectation is supported by a positive development in the first months of the new financial year.

Basis of earnings

Research and development

The Company has no research activities as such, but continuously develops new methods, products and customer directed services. New cars increasingly contain components combining me-chanical and electrionic engineering, called Mechatronics. Here the company invests annually mDKK 2.0. An increasing number of the Company's new products are within this area.

Statutory statement of corporate social responsibility

The Company is aware of its corporate social responsibility and has established policies for climate and environmental impacts, human rights, working environment, light jobs, health and disease.

Environment and climate

The Company includes as part of the corporate social responsibility both the supplier and customer in improving the climate conditions and developing these to maintain the reduction of CO2 emission and reducing material consumption.

Compared to production of original automotive parts remanufacturing is supportive of sustainability by decreasing CO2 emission by up to 80% and material consumption is reduced by up to 90%. Remanufacturing consequently belongs to the circular economy where resources are recycled and in contrast to the linear economy where resources are consumed. Being part of the global recycling industry it is natural for the Company to have focus on continuous optimisation of resource and energy consumption which supports the Company's green profile.

Management’s Review

Human rights and health and safety

For Auto Akku human rights is primarily about the company's own employees and their relationships and health.

As part of the corporate social responsibility the Company have today employees that are physically and mentally challenged who are doing a meaningful job. The Company policies includes the employee’s safety and working conditions as well as the employee’s family.

Also in 2015/16, efforts have been focused on improving employee safety and working conditions, and the number of employees with physical and mental disabilities are maintained.

Share of the underrepresented gender

The policy of the Executive Board that the share of the female representation in management levels is increased in order to obtain a more equal distribution between the sexes. By the end of fiscal year 2015/16 the female representation was more than 20% of the additional management level. The proportion of women at other levels of management are sought increased by ensuring that advertising for new employees appeal to both male and female candidates.

There has in the fiscal year 2015/16 been changes on a few leading positions. As the selection is based on competences, the new recruitment has not changed the distribution between the sexes.

Knowledge resources

It is essential to the continued growth of the group to retain and develop employees thus important resources are allocated to this.

To ensure competitiveness and effectiveness in technology development is continually undertaken along with competence development.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 July - 30 June

	Note	Group 2015/16 TDKK	Group 2014/15 TDKK	Parent Company 2015/16 TDKK	Parent Company 2014/15 TDKK
Revenue	1	**596.317**	**525.066**	**0**	**0**
Other operating income		221	2.917	0	0
Expenses for raw materials and consumables		-286.048	-304.288	0	0
Other external expenses		-44.377	-64.691	-69	0
Gross profit/loss		**266.113**	**159.004**	**-69**	**0**
Staff expenses	2	-148.073	-159.831	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-12.278	-13.156	0	0
Profit/loss before financial income and expenses		**105.762**	**-13.983**	**-69**	**0**
Income from investments in subsidiaries		0	0	83.427	-40.900
Financial income	4	26.638	25.841	174	0
Financial expenses		-44.045	-35.399	0	0
Profit/loss before tax		**88.355**	**-23.541**	**83.532**	**-40.900**
Tax on profit/loss for the year	5	8.608	-10.164	0	0
Profit/loss before minority interests		**96.963**	**-33.705**	**83.532**	**-40.900**
Minority interests' share of net profit/loss of subsidiaries		-13.431	-7.195	0	0
Net profit/loss for the year		**83.532**	**-40.900**	**83.532**	**-40.900**

Distribution of profit

	Parent Company	
	2015/16	2014/15
	TDKK	TDKK
Proposed distribution of profit		
Proposed dividend for the year	49.000	0
Reserve for net revaluation under the equity method	59.127	-40.900
Retained earnings	-24.595	0
	83.532	**-40.900**

Balance Sheet 30 June

Assets

	Note	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
		TDKK	TDKK	TDKK	TDKK
Software		11.341	15.988	0	0
Trademarks		7.500	0	0	0
Goodwill		1.393	4.063	0	0
Intangible assets	6	**20.234**	**20.051**	**0**	**0**
Land and buildings		44.458	44.204	0	0
Other fixtures and fittings, tools and equipment		13.130	14.405	0	0
Property, plant and equipment in progress		2.872	3.471	0	0
Property, plant and equipment	7	**60.460**	**62.080**	**0**	**0**
Investments in subsidiaries	8	0	0	197.614	136.638
Receivables from group enterprises	9	84.057	0	24.474	0
Other investments	9	82	162	0	0
Deposits	9	0	45	0	0
Other receivables	9	0	0	0	0
Fixed asset investments		**84.139**	**207**	**222.088**	**136.638**
Fixed assets		**164.833**	**82.338**	**222.088**	**136.638**
Inventories	10	**252.107**	**247.829**	**0**	**0**
Trade receivables		183.162	179.679	0	0
Receivables from group enterprises		0	12.477	0	0
Other receivables		23.287	25.567	0	0
Deferred tax asset	12	45.582	12.630	0	0
Corporation tax		1.380	0	0	0
Receivables		**253.411**	**230.353**	**0**	**0**
Cash at bank and in hand		**9.685**	**2.869**	**0**	**0**
Currents assets		**515.203**	**481.051**	**0**	**0**
Assets		**680.036**	**563.389**	**222.088**	**136.638**

Balance Sheet 30 June

Liabilities and equity

		Group		Parent Company	
	Note	2016	2015	2016	2015
		TDKK	TDKK	TDKK	TDKK
Share capital		1.000	1.000	1.000	1.000
Revaluation reserve		5.991	0	0	0
Reserve for net revaluation under the equity method		0	0	54.747	0
Retained earnings		166.028	76.866	117.272	76.866
Proposed dividend for the year		49.000	0	49.000	0
Equity	11	**222.019**	**77.866**	**222.019**	**77.866**
Minority interests		**38.415**	**32.051**	**0**	**0**
Provisions relating to investments in group enterprises		0	0	0	58.772
Other provisions	13	188.657	162.532	0	0
Provisions		**188.657**	**162.532**	**0**	**58.772**
Mortgage loans		6.120	6.629	0	0
Credit institutions		4.803	8.623	0	0
Lease obligations		1.330	1.336	0	0
Long-term debt	14	**12.253**	**16.588**	**0**	**0**
Mortgage loans	14	510	515	0	0
Credit institutions	14	91.864	151.111	0	0
Lease obligations	14	840	552	0	0
Trade payables		65.706	55.048	0	0
Payables to group enterprises		0	6.577	39	0
Corporation tax		21.610	19.124	0	0
Other payables		38.162	41.425	30	0
Short-term debt		**218.692**	**274.352**	**69**	**0**
Debt		**230.945**	**290.940**	**69**	**0**
Liabilities and equity		**680.036**	**563.389**	**222.088**	**136.638**
Contingent assets, liabilities and other financial obligations	15				
Ownership	16				

Statement of Changes in Equity

Group

	Share capital	Revaluation reserve	Reserve for net revalua- tion under the equity method	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 9 November	1.000	5.991	0	70.876	0	77.867
Cash capital increase	0	0	0	65.000	0	65.000
Exchange adjustments relating to foreign entities	0	0	0	-4.756	0	-4.756
Fair value adjustment of hedging instruments, end of year	0	0	0	482	0	482
Tax on adjustment of hedging instruments for the year	0	0	0	-106	0	-106
Net profit/loss for the year	0	0	0	34.532	49.000	83.532
Equity at 30 June	**1.000**	**5.991**	**0**	**166.028**	**49.000**	**222.019**

Parent Company

	Share capital	Revaluation reserve	Reserve for net revalua- tion under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 9 November	1.000	0	0	76.867	0	77.867
Cash capital increase	0	0	0	65.000	0	65.000
Exchange adjustments relating to foreign entities	0	0	-4.756	0	0	-4.756
Fair value adjustment of hedging instruments, end of year	0	0	482	0	0	482
Tax on adjustment of hedging instruments for the year	0	0	-106	0	0	-106
Net profit/loss for the year	0	0	59.127	-24.595	49.000	83.532
Equity at 30 June	**1.000**	**0**	**54.747**	**117.272**	**49.000**	**222.019**

Cash Flow Statement 1 July - 30 June

	Note	Group 2015/16 TDKK	Group 2014/15 TDKK
Net profit/loss for the year		83.532	-40.900
Adjustments	17	31.666	36.333
Change in working capital	18	1.108	-2.536
Cash flows from operating activities before financial income and expenses		**116.306**	**-7.103**
Financial income		26.638	25.841
Financial expenses		-44.045	-35.399
Cash flows from ordinary activities		**98.899**	**-16.661**
Corporation tax paid		-23.846	-10.489
Cash flows from operating activities		**75.053**	**-27.150**
Purchase of intangible assets		-7.500	-1.158
Purchase of property, plant and equipment		-7.299	-7.000
Fixed asset investments made etc		-28.265	-7
Sale of property, plant and equipment		1.236	7.955
Sale of fixed asset investments etc		80	233
Cash flows from investing activities		**-41.748**	**23**
Repayment of mortgage loans		-514	-508
Repayment of loans from credit institutions		-26.310	-7.736
Reduction of lease obligations		-974	-190
Lease obligations incurred		1.256	1.500
Cash capital increase		65.000	0
Dividend paid		-5.700	0
Cash flows from financing activities		**32.758**	**-6.934**
Change in cash and cash equivalents		**66.063**	**-34.061**
Cash and cash equivalents at 9 November		-148.242	-114.181
Cash and cash equivalents at 30 June		**-82.179**	**-148.242**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		9.685	2.869
Overdraft facility		-91.864	-151.111
Cash and cash equivalents at 30 June		**-82.179**	**-148.242**

Notes to the Financial Statements

		Group		Parent Company	
		2015/16	2014/15	2015/16	2014/15
		TDKK	TDKK	TDKK	TDKK
1	**Revenue**				
	Geographical segments				
	Revenue, Denmark	50.296	47.463	0	0
	Revenue, exports	546.021	477.603	0	0
		596.317	**525.066**	**0**	**0**
2	**Staff expenses**				
	Wages and salaries	138.740	148.980	0	0
	Pensions	3.148	3.756	0	0
	Other staff expenses	6.185	7.095	0	0
		148.073	**159.831**	**0**	**0**
	Average number of employees	**1.230**	**1.078**	**0**	**0**
3	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	6.840	7.595	0	0
	Depreciation of property, plant and equipment	5.438	5.561	0	0
		12.278	**13.156**	**0**	**0**
4	**Financial income**				
	Interest received from group enterprises	174	0	174	0
	Other financial income	26.464	25.841	0	0
		26.638	**25.841**	**174**	**0**

Notes to the Financial Statements

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
	TDKK	TDKK	TDKK	TDKK

5 Tax on profit/loss for the year

	2015/16	2014/15	2015/16	2014/15
Current tax for the year	24.765	13.799	0	0
Deferred tax for the year	-33.299	-3.441	106	0
Adjustment of tax concerning previous years	32	3.889	0	0
Adjustment of deferred tax concerning previous years	0	-4.459	0	0
	-8.502	**9.788**	**106**	**0**
which breaks down as follows:				
Tax on profit/loss for the year	-8.608	10.164	0	0
Tax on changes in equity	106	-376	106	0
	-8.502	**9.788**	**106**	**0**

6 Intangible assets

Group

	Software	Trademarks	Goodwill
	TDKK	TDKK	TDKK
Cost at 9 November	23.401	0	30.871
Exchange adjustment	-52	0	-377
Additions for the year	0	7.500	0
Cost at 30 June	23.349	7.500	30.494
Impairment losses and amortisation at 9 November	7.539	0	26.681
Exchange adjustment	-48	0	-128
Amortisation for the year	4.517	0	2.548
Impairment losses and amortisation at 30 June	12.008	0	29.101
Carrying amount at 30 June	**11.341**	**7.500**	**1.393**

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK
Cost at 9 November	48.682	42.210	3.471
Exchange adjustment	-2.073	-2.531	-194
Additions for the year	56	2.805	4.438
Disposals for the year	-373	-2.466	0
Transfers for the year	3.470	1.151	-4.621
Cost at 30 June	49.762	41.169	3.094
Revaluations at 9 November	8.192	0	0
Revaluations at 30 June	8.192	0	0
Impairment losses and depreciation at 9 November	12.670	27.806	0
Exchange adjustment	-305	-1.447	0
Impairment losses for the year	13	0	222
Depreciation for the year	1.118	3.866	0
Reversal of impairment and depreciation of sold assets	0	-2.186	0
Impairment losses and depreciation at 30 June	13.496	28.039	222
Carrying amount at 30 June	**44.458**	**13.130**	**2.872**
Including assets under finance leases amounting to	0	2.476	0

Notes to the Financial Statements

	Parent Company	
	2016	2015
	TDKK	TDKK
8 Investments in subsidiaries		
Cost at 9 November	77.867	136.638
Additions for the year	65.000	0
Cost at 30 June	142.867	136.638
Value adjustments at 9 November	0	0
Exchange adjustment	-4.756	0
Net profit/loss for the year	83.427	0
Dividend to the Parent Company	-24.300	0
Other equity movements, net	376	0
Value adjustments at 30 June	54.747	0
Carrying amount at 30 June	**197.614**	**136.638**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Car Parts Industries ApS	Denmark	TDKK 80	100%
Borg Automotive A/S	Denmark	TDKK 2.000	81%

Notes to the Financial Statements

9 Other fixed asset investments

	Group			Parent Company
	Receivables from group enterprises	Other investments	Other receiv-ables	Receivables from group enterprises
	TDKK	TDKK	TDKK	TDKK
Cost at 9 November	30.418	162	5.901	0
Additions for the year	84.057	0	0	24.474
Disposals for the year	-30.418	-80	-5.901	0
Cost at 30 June	84.057	82	0	24.474
Impairment losses at 9 November	0	0	5.000	0
Impairment losses for the year	0	0	-5.000	0
Impairment losses at 30 June	0	0	0	0
Carrying amount at 30 June	**84.057**	**82**	**0**	**24.474**

10 Inventories

	Group		Parent Company	
	2016	2015	2016	2015
	TDKK	TDKK	TDKK	TDKK
Raw materials and consumables	123.166	132.687	0	0
Work in progress	7.594	9.725	0	0
Finished goods and goods for resale	121.347	105.417	0	0
	252.107	**247.829**	**0**	**0**

11 Equity

The share capital consists of shares of a nominal value of TDKK 1. No shares carry any special rights.

Notes to the Financial Statements

12 Provision for deferred tax

	Group 2016 TDKK	Group 2015 TDKK	Parent Company 2016 TDKK	Parent Company 2015 TDKK
Intangible assets	2.770	3.796	0	0
Property, plant and equipment	1.734	1.826	0	0
Inventories	-2.427	-1.797	0	0
Provisions	-21.359	-16.455	0	0
Tax loss carry-forward	-26.300	0	0	0
Transferred to deferred tax asset	45.582	12.630	0	0
	0	**0**	**0**	**0**
Deferred tax asset				
Calculated tax asset	45.582	12.630	0	0
Carrying amount	**45.582**	**12.630**	**0**	**0**

13 Other provisions

	Group 2016 TDKK	Group 2015 TDKK	Parent Company 2016 TDKK	Parent Company 2015 TDKK
Provision regarding deposits	172.607	146.128	0	0
Warranty promises	8.313	7.882	0	0
Other provisions	7.737	8.522	0	0
	188.657	**162.532**	**0**	**0**

Notes to the Financial Statements

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2016	2015	2016	2015
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	4.063	4.561	0	0
Between 1 and 5 years	2.057	2.068	0	0
Long-term part	6.120	6.629	0	0
Within 1 year	510	515	0	0
	6.630	**7.144**	**0**	**0**
Credit institutions				
Between 1 and 5 years	4.803	8.623	0	0
Long-term part	4.803	8.623	0	0
Other short-term debt to credit institutions	91.864	151.111	0	0
	96.667	**159.734**	**0**	**0**
Lease obligations				
Between 1 and 5 years	1.330	1.336	0	0
Long-term part	1.330	1.336	0	0
Within 1 year	840	552	0	0
	2.170	**1.888**	**0**	**0**

15 Contingent assets, liabilities and other financial obligations

	Group		Parent Company	
	2016	2015	2016	2015
	TDKK	TDKK	TDKK	TDKK
Rental agreements and leases				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	231	162	0	0
	231	**162**	**0**	**0**

Security

The Group has issued guarantees for third parties of DKK 31.8 mio.

There are issued mortgage deeds in the group of DKK 49.2 mio. secured by assets with a carrying amount of DKK 39.2 million.

There is given a floating charge in the group of DKK 91.3 mio. secured by assets with a carrying amount of DKK 490.3 million.

Contingent liabilities

The Group has a repayment obligation in respect of deposits received from customers conditional on and at the same rate as customer return of cores. The total repayment obligation amounts to DKK 361.0 million, DKK 172.6 million of which has been provided for in the balance sheet.

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

16 Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Toft-Jensen Holding ApS, Silkeborg

Notes to the Financial Statements

	Group 2015/16 TDKK	Group 2014/15 TDKK
17 Cash flow statement - adjustments		
Financial income	-26.638	-25.841
Financial expenses	44.045	35.399
Depreciation, amortisation and impairment losses, including losses and gains on sales	12.278	10.239
Tax on profit/loss for the year	-8.608	10.164
Minority interests' share of net profit/loss of subsidiaries	13.431	7.195
Other adjustments	-2.842	-823
	31.666	**36.333**

18 Cash flow statement - change in working capital

	2015/16 TDKK	2014/15 TDKK
Change in inventories	-4.264	-4.249
Change in receivables	-17.686	-43.862
Change in other provisions	26.125	33.783
Change in trade payables, etc	-3.067	11.792
	1.108	**-2.536**

Accounting Policies

Basis of Preparation

The Annual Report of Auto Akku ApS for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

Consolidated and Parent Company Financial Statements for 2015/16 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Auto Akku ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

Accounting Policies

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise. Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Uniting of interests

Intragroup business combinations are accounted for under the uniting-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The uniting-of-interests method is applied as if the two enterprises had always been combined by restating comparative figures.

Minority interests

On statement of group results and group equity, the shares of results and equity of subsidiaries attributable to minority interests are recognised as separate items in the income statement and the balance sheet. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Accounting Policies

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Accounting Policies

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with its ultimate Parent Toft-Jensen Holding ApS, which acts as management company, as well as Danish group enterprises. Foreign enterprises are not included in the joint taxation. The Danish corporation tax is allocated to the jointly taxed enterprises in proportion to their taxable incomes.

Accounting Policies

Balance Sheet

Intangible assets

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience with the individual business areas. The maximum amortisation period is 20 years, the longest period applying to enterprises acquired for strategic purposes with a strong market position and a long earnings profile.

Software is amortised on a straight-line basis over 5 years.

Trademarks is amortised on a straight-line basis over 5 years.

Property, plant and equipment

Proberty, plant and equipment are measured at cost added revaluations and less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	30 years
Other fixtures and fittings, tools and equipment	3 - 5 years

Assets costing less than DKK 12,900 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Accounting Policies

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item“Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company’s experience from previous years.

Accounting Policies

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligatio

Provisions for deposit obligations are recognised in the balance sheet as invoiced deposit minus the part that historically is not refunded and the equivalent of the outstanding cores on the remaining part.

Provisions for warranty obligations are recognised in the balance sheet at an amount corresponding to the Company's expected costs of warranty obligations in respect of units delivered.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Accounting Policies

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Credit Institutions”

The cash flow statement cannot be immediately derived from the published financial records.

Accounting Policies

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$