ROESGAARD
& PARTNERS

Steel Products A/S

Islandsvej 25
8700 Horsens

Central Business Registration No. 38 06 92 17

Annual Report 2018/19

The Annual Report was presented and approved at the Annual General Meeting of the company on 31/10 2019

Mogens Hørdum Sørensen
Dirigent

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Company details

The company

Steel Products A/S
Islandsvej 25
8700 Horsens

Central Business Registration No.: 38 06 92 17
Reporting period: 1 July 2018 - 30 June 2019
Domicile: Horsens

Board of Directors

Kevin John Müller, Chairman
Tine Valente
Peter Lorentzen
Mogens Hørdum Sørensen

Executive Board

Mogens Hørdum Sørensen, CEO

Auditors

Roesgaard & Partners
Statsautoriseret Revisionspartnerselskab
Sønderbrogade 16
8700 Horsens

Statement by management on the annual report

The Board of Directors and Executive Board have today discussed and approved the annual report of Steel Products A/S for the financial year 1 July 2018 - 30 June 2019.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 30 June 2019 and of the results of the group and the company operations and consolidated cash flows for the financial year 1 July 2018 - 30 June 2019.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report be approved by the company at the general meeting.

Horsens, 31 October 2019

Executive Board

Mogens Hørdum Sørensen
CEO

Board of Directors

Kevin John Müller Chairman	Tine Valente	Peter Lorentzen
Mogens Hørdum Sørensen		

Independent auditor's report

To the shareholder of Steel Products A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Steel Products A/S for the financial year 1 July 2018 - 30 June 2019, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for both the group and the parent company. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group and the parent company's financial position at 30 June 2019 and of the results of the group and the parent company's operations and consolidated cash flows for the financial year 1 July 2018 - 30 June 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

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

Management is responsible for the preparation of consolidated financial statements and parent company 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 the consolidated financial statements and the parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent 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 financial statements and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent 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 for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are responsible for our audit opinion.

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

Statement on management's review

Management is responsible for management's review.

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

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

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

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Horsens, 31 October 2019

Roesgaard & Partners
Statsautoriseret Revisionspartnerselskab
CVR no. 37 54 31 28

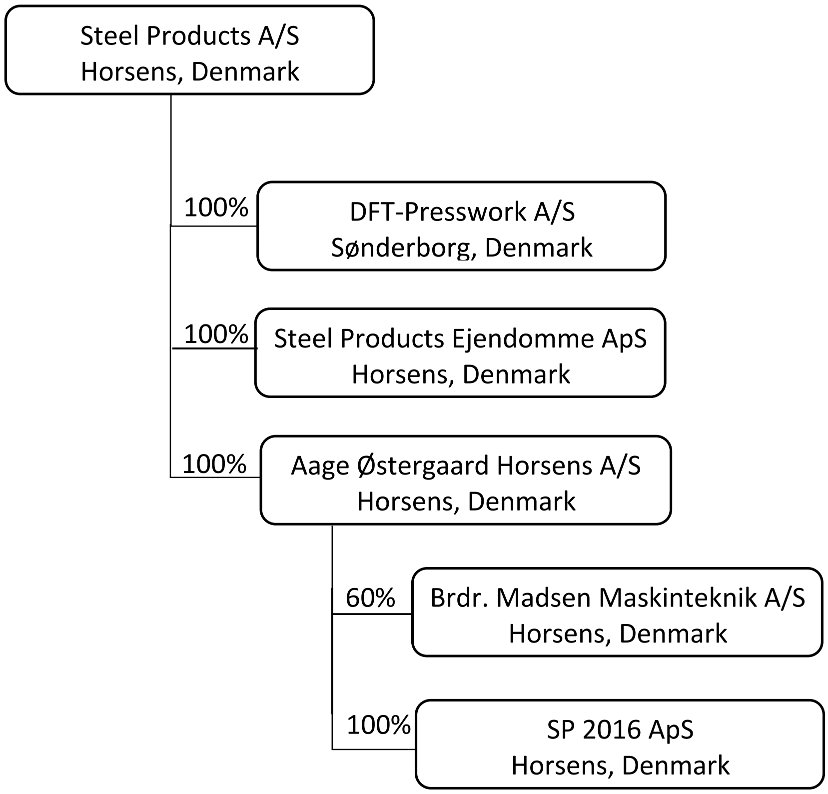
Jens Roesgaard
State Authorised Public Accountant
MNE no. mne28681

Michael Mortensen
State Authorised Public Accountant
MNE no. mne34108

Group chart

Parent company

Consolidated subsidiaries



Financial highlights

Seen over a 3-year period, the development of the group may be described by means of the following financial highlights:

	Group		
	2018/19	**2017/18**	**2016/17**
	TDKK	TDKK	TDKK
Key figures			
Revenue	545.226	559.466	455.119
Gross profit	51.059	67.462	46.929
Operating profit/loss	21.897	36.324	21.265
Profit/loss before financials	23.568	36.493	38.892
Net financials	(1.527)	(2.636)	(4.564)
Profit/loss for the year	13.340	26.018	34.683
Balance sheet			
Total balance sheet	352.133	381.467	374.780
Investment in property, plant and equipment	13.552	13.742	9.329
Equity	120.697	107.459	87.928
Number of employees	364	357	375
Financial ratios			
Gross margin	9,4 %	12,1 %	10,3 %
EBIT margin	4,3 %	6,5 %	8,5 %
Return on assets	6,4 %	9,7 %	10,4 %
Solvency ratio	34,3 %	28,2 %	23,5 %
Return on equity	11,7 %	26,6 %	39,4 %

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business activities

The Steel Products Group serves a wide range of international as well as national customers with counseling and strong product solutions. The Group's competence is complete solutions within deep drawing, pressing, cold forming and spinning for production of very complicated parts. The Group supplies, among others, to the following industries:

- Process equipment - food, juice, beer and soft drinks, pharmaceutical and chemical industrial equipment - eg pump, valve and component housing and fittings.
- Automotive - eg exhaust parts, engine parts, brake parts and vibration damping.
- Agricultural machinery - components - eg pulleys and parts for mobile hydraulics.
- Machine Industry
- Marine & Offshore - eg tank measuring equipment, compressors.
- Energy - eg heat exchanger plates, components for wind turbines, components for solar energy systems, cooling and heat control, energy storage equipment.
- Electronics - components - eg parabolas, vacuum switches, frequency converter components.
- Consumer goods - eg thermostats, heat pumps, oil heaters, audio etc.
- The Group continuously strives to be a technological leader in cold forming processes, and it is the Group's stated goal to manufacture products that ensure customers improved competitiveness.

Business review

Overall, the results of the financial year were satisfactory. Realized net sales for the year amounted to DKK 545 million. Profit for the year was a profit of DKK 13,4 million against a profit of DKK 26,3 million last year. Equity amounts to DKK 120,7 million per June 30, 2019.

We have chosen to write down the value of SP 2016 ApS to net asset value, which has led to a loss of DKK 10,7 million. Adjusted for this, the profit for the year would amount to DKK 24,1 million.

Knowledge resources

We continuously develop the skills of our employees.

Special risks

Price risks

The company's activities and results are affected by fluctuations in commodity prices.

Market risks

Customer and market risks are assessed as limited due to the spread in different market segments.

Management's review

Currency risks

Foreign trade means that earnings and cash flows are affected by exchange rate and interest rate trends for a few currencies. The company monitors developments in the foreign exchange market to assess whether special actions are required. At present, forward transactions are not used to hedge transactions in foreign currencies, as the Company's primary foreign currency is EUR. The company do not enter any speculative currency positions.

Interest-rate risks

The interest-bearing net debt represents a significant amount, which means that moderate changes in interest rates will have a direct effect on earnings. However, on most of the debt, there will be no significant impact until 2022 at the earliest.

Research and development activities

These costs include improvement of production processes and development of prototypes for customer projects. These costs are expensed as incurred.

Expected development

Management expects activity levels to be unchanged or slightly falling in the short term, but in the longer term we expect slightly rising activity levels. There will continue to be focus on streamlining, restructuring and cost reductions in order to maintain and improve the positive results in the coming years. For the financial year 2019/20, management expects declining revenue and positive results.

Correction of material misstatement

For financial year 2018/19 indirect production costs have been capitalized. We refer to accounting policies for further description hereof.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Management's review

Statement of corporate social responsibility

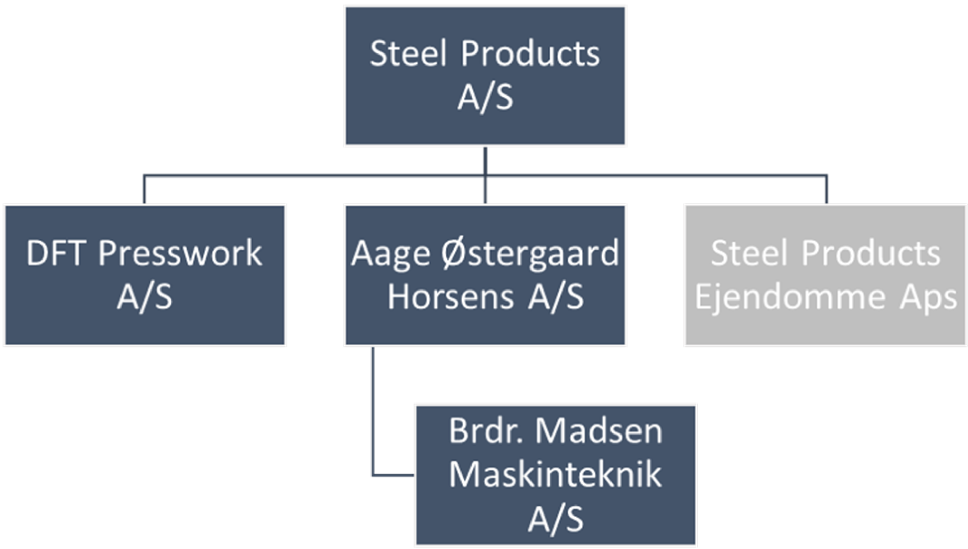
Steel Products A/S has prepared this statutory report on corporate social responsibility in accordance with sections 99a and 99b of the Danish Financial Statements Act.

Steel Products has adopted CSR policies in the areas of environment and climate, social and employee relations, human rights and anti-corruption. These policies, together with our strategy and vision, form the basis for our work in Steel Products.

Business model

Steel Products is an industrial group of subsidiaries, all of which work in metalworking, with exception of Steel Products Ejendomme, which deals exclusively with commercial property rental. Steel Products Ejendomme was established in April 2019.

Steel Products consists of the following companies:



The Group continuously strives to be a technological leader in cold forming processes, and it is the Group's stated goal to manufacture products that ensure customers improved competitiveness.

The Steel Products Group serves a wide range of international as well as national customers with counseling and strong product solutions. The Group's competence is complete solutions within deep drawing, pressing, cold forming and spinning for production of very complicated parts.

Management's review

The Group supplies, among others, to the following industries:

- Process equipment - food, juice, beer and soft drinks, pharmaceutical and chemical industrial equipment - eg pump, valve and component housing and fittings.
- Automotive - eg exhaust parts, engine parts, brake parts and vibration damping.
- Agricultural machinery - components - eg pulleys and parts for mobile hydraulics.
- Machine Industry
- Marine & Offshore - eg tank measuring equipment, compressors.
- Energy - eg heat exchanger plates, components for wind turbines, components for solar energy systems, cooling and heat control, energy storage equipment.
- Energy - eg heat exchanger plates, components for wind turbines, components for solar energy systems
- Electronics - components - eg parabolas, vacuum switches, frequency converter components.
- Consumer goods - eg thermostats, heat pumps, oil heaters, audio etc.

Steel Products purchases raw materials and components and uses subcontractors. To a large extent, suppliers from Denmark or countries close to them are used.

Our behavior is largely guided by our values:

- “Best fit” must be a basic principle. It creates value for everyone that we always make the right choices in terms of processes, flow and equipment so that they match the expectations of the customers.
- We know the importance of continuous innovative improvements and ensure this through employee involvement and close cooperation with customers.
- We invest in our employees and surroundings to ensure a modern and competent company.
- Our current and future competencies must ensure continuous development as well as make Steel Products an attractive workplace and business partner.
- We strive for an environment of innovative solutions, accountability and quality on time.

CSR areas

Steel Products respects and has joined the UN Global Compact in all 10 areas of human rights, labor rights, the environment and anti-corruption. This is included in our CSR policy. Examples of this are also shown in the following CSR areas: Environment, working environment, social and human resources, human rights, anti-corruption and bribery.

Steel Products also works to support the UN's global goals, specifically we focus on goals 4 and 12 on education and responsible production.

Management's review

Environment

Steel Products works according to our environmental policy for sustainable production, where we continuously improve by reducing our impact on the environment, including consumption of resources.

At Steel Products, we have chosen to combine environmental conditions and climate impacts under the heading 'Environment', as our actions in energy, among other things, also influence the climate.

Our cold forming processes provide a minimum of waste compared to manufacturing similar products with other manufacturing methods. This results in less waste, less consumption of raw materials and often a reduction in processing time. In doing so, we support the UN's World Goal 12.

We are aware that our greatest risk in relation to the environment is an over-consumption of energy or water. We are therefore working to have an overview of our consumption, so that we can respond as quickly as possible if over-consumption occurs and optimize the use of energy. This supports the UN's World Goal 12.

At the beginning of 2019, Aage Østergaard transitioned from the original environmental approval to the Maskinværkstedsbekendtgørelsen.

In 2018/2019, we have been working on mapping our energy consumption, to find the places where we can get the most value for money compared to putting in new initiatives.

We have also reduced the waste from our production. The development over the past three years is shown here:

Waste from Production in % of Revenue			
	2016/2017	2017/2018	2018/2019
Aage Østergaard Horsens A/S	1,4 %	1,3 %	1,1 %
DFT Presswork A/S	0,9%	1,0%	0,9%

In the future, we will continue to work to have a waste percentage of a maximum of 1% of revenue.

In 2019/2020 we will extend our current ISO 14001 certification from DFT Presswork A/S to Aage Østergaard Horsens A/S as well as Brdr. Madsen Maskinteknik A/S.

For 2019/2020, we want to reduce energy consumption and thus minimize climate impact while reducing our spending. Of specific measures we will, among other things, At Aage Østergaard replace our compressors for compressed air, so that we get the same amount of air at a lower energy consumption.

Management's review

Working environment

Steel Products policy provides the framework for a good and safe work environment and working environment that ensures the safety and health of employees, as well as complying with legislation and binding obligations that deal with work environment.

In 2018/2019 we have worked against fewer work accidents. Developments in recent years are:

Number of accidents with absence			
	2016/2017	2017/2018	2018/2019
Aage Østergaard Horsens A/S	4	9	6
DFT Presswork A/S	3	5	3

Our goal, of course, is to have 0 work accidents. In 2019/2020, we will continue to work towards this goal. We do this by analyzing our accidents and near misses and telling all employees about the cause so that together we can help to avoid accidents.

With our whistleblower scheme, we would like to emphasize to our employees that they always have the opportunity, without risk of hiring, to present whatever they find challenging in our company.

Our risk analysis in relation to the working environment has indicated that we have many cut injuries. Therefore, in 2019/2020 we will focus on the use of gloves in production.

Social and personnel matters

Our hourly workers are employed according to Industriens overenkomst.

We contribute to young people's education by continuously offering apprenticeships.

We contribute to lifting corporate social responsibility by continually offering tests to unemployed people and people with reduced ability to work.

We have been focusing on our sick leave and through discussions with our staff have helped them to a lower absence. Developments in recent years have been:

Sick leave (excl. long term leave)			
	2016/2017	2017/2018	2018/2019
Aage Østergaard Horsens A/S	3,2 %	3,6 %	2,8 %
DFT Presswork A/S	3,0%	3,4%	2,9%

Management's review

By continuing to focus on our employees and our working conditions, it is our goal again this year to have less than 3% sick leave.

In relation to our employees, our greatest risk is that we may end up not having enough skilled workforce as tasks change as we progress. That is why we have chosen to focus on upgrading the skills of our employees.

At DFT Presswork, we have in 2018/2019 focused on getting an agreement with IKUF on support to educate our employees. This means that in 2019/2020 we can take initiatives with our employees in education to reduce dyslexia, learn greater drawing understanding and for some also work towards an increased level of education. This supports the UN's World Goal 4.

At Aage Østergaard, we held SP Academy in 2018/2019, where we had 16 employees over a 3 weeks course, focusing on increased knowledge and understanding of our internal production processes and on creating interdisciplinary connections internally within the company. Subsequently, the employees were given 3 days of individual professional competence within a specific subject in relation to their work assignments. The project has been supported by the Sporskiftefonden. This process is expected to be repeated in 2019/2020 for a further group of employees.

Human rights, anti-corruption and bribery (Code of Conduct)

We have chosen to have a very detailed Code of Conduct to show our employees that we do not accept bribes and do not provide this.

Steel Products gives priority to our products being manufactured without conflict minerals. That is, we ensure that our products contain only minerals and metals from responsible and conflict-free sources.

The above is not something we can measure, so the goal here is to maintain focus in these areas. The risk is that we cannot maintain this focus in a busy day, so we are working towards implementing procedures that can help ensure this focus.

Management's review

Statement of gender composition of management

At Steel Products A/S, we strive to always have at least 1 of each gender seated on the board, to ensure diversity within the group.

The shareholders will be aware of the gender diversity in connection with the forthcoming constituencies of the board and will take this into account if the recruitment basis supports this. However, the main goal of election to the board of directors and management will always be to have the most suitable persons in the individual positions.

The Board of Directors of Steel Products currently consists of 4 people, 75% are men and 25% women, and are therefore considered to be equally distributed.

To the extent that there are employee representatives on the boards of the companies under Steel Products, we do not want to influence the employees' ability to choose precisely the representatives of the board that they find best, regardless of gender.

As a general hiring policy, Steel Products will aim to have candidates of both genders included in the candidate field. Therefore, we have a target of achieving 15% of underrepresented gender in management positions by 2025. However, it can very often be difficult to attract qualified candidates of both genders to leadership positions in our industry. Therefore, unfortunately, it has not yet been possible to find women for leadership roles in the companies.

Accounting policies

The annual report of Steel Products A/S for 2018/19 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 are consistent with those of last year.

Pursuant to section 96, subsection 3 of the Danish Financial Statements Act, the company has decided to not prepare a note to auditors' remuneration.

Material misstatement

No indirect production costs have been recognised in the inventory of the subsidiary DFT Presswork A/S in previous years. Indirect production costs are therefore in the beginning of the year recognised with DKK 3.7 million in the inventory and DKK 2.9 million in equity and DKK 0.8 million in deferred tax. Indirect production costs are at the end of the financial year recognised with DKK 4.7 million. Further comparison figures and key ratios have been corrected accordingly

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group and the parent 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 from the group and the parent company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Recognition and measurement of business combinations

Newly acquired companies are recognised in the financial statements from the date of acquisition. Sold or discontinued companies are recognised in the financial statements up to the date of disposal. Comparative figures are not adjusted for newly acquired companies. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the company gains control of the acquired company.

Accounting policies

When acquiring businesses, where the company gains control of the acquired business, the acquisition method is applied. The acquired companies' identified assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they can be recognised from or stem from a contractual right. Deferred tax on the revaluations made is recognised.

Positive balances (goodwill) between on the one hand the acquisition consideration, the value of minority interests in the acquired company and the fair value of any previous acquired equity investments and on the other hand the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognised as goodwill under intangible assets. Goodwill is depreciated on a straight-line basis in the income statement following an individual assessment of the economic useful life.

Negative balances (negative goodwill) are recognised in the income statement at the date of acquisition.

At the acquisition, goodwill is attributed to the cash-generating unit that later forms the basis of an impairment test. Goodwill and fair value adjustments in connection with acquiring a foreign entity with a functional currency other than the group's presentation currency are treated as assets and liabilities belonging to the foreign entity and is at initial recognition translated into the foreign entity's functional currency by applying the exchange rate prevailing at the date of the transaction.

The acquisition consideration for a company consists of the fair value of the agreed consideration in the form of transferred assets, obligations assumed and equity instruments issued. If part of the acquisition consideration is contingent on future events or the fulfilment of agreed conditions, this part of the acquisition consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent acquisition considerations are recognised in the income statement.

Costs incurred in connection with acquisitions are recognised in the income statement in the year of incurrence.

If there, at the date of acquisition, is any uncertainty about identification or measurement of acquired assets, liabilities, contingent liabilities or the determination of the acquisition consideration, the first recognition will be made on the basis of the preliminary determined ones. If it subsequently found that identification or measurement of the acquisition consideration, acquired assets, liabilities or contingent liabilities was not correct at initial recognition, the statement is adjusted with retroactive effect, including goodwill, until 12 months after the acquisition and comparative figures are restated. Afterwards, any corrections are recognised as errors.

Statement of goodwill

Gains or losses on the disposal of subsidiaries and associates are stated as the difference between the selling price and the carrying amount of net assets at the time of sale, including non-amortised goodwill and expected costs to sell.

Accounting policies

Acquisitions of entities are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired entity in connection with the acquisition. Allowance is made for the tax effect of revaluations made.

Any excess (goodwill) of the cost over the fair value of the acquired identifiable assets and liabilities, including provisions for restructuring costs, is recognised under intangible assets and amortised systematically in the income statement based on individual assessments of the useful lives of the assets. Goodwill from acquires can be adjusted until the end of the year following acquisition.

Consolidated financial statements

The consolidated financial statements comprise the parent company Steel Products A/S and subsidiaries in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, cf. the group chart.

On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition. Entities disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Minority interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The minority interests' proportionate share of subsidiaries' profit/loss and equity is presented separately under appropriation of profit and in a main item under equity.

Income statement

Segment information

Information is provided on geographical markets. The segment information is provided in consideration of the group's accounting policies, risks and management control. The company only operates within one business segment.

Segment assets comprise assets that are used directly in the segment's revenue-producing activities.

Segment liabilities comprise liabilities resulting from the segment's operations, including trade payables and other payables.

Accounting policies

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Cost of sales

Cost of sales comprise costs, including depreciation, amortisation, wages and salaries incurred to achieve revenue for the year. Costs comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and property, plant and equipment.

Distribution costs

Distribution costs comprise costs incidental to the distribution of goods sold during the year in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative costs

Administrative costs comprise expenses for management, administrative staff, office expenses, depreciation, etc.

Staff expenses

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Accounting policies

Profit/loss from investments in subsidiaries

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the parent company's income statement after full elimination of intra-group profits/losses.

Tax on profit/loss for the year

The parent company is subject to the Danish rules on compulsory joint taxation of the group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

The parent company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Acquisitions of entities are accounted for using the purchase method, according to which the acquirees' identifiable assets and liabilities are measured at fair value at the date of acquisition. Provision is made for expenses to adopted and announced plans to restructure the acquired entity in connection with the acquisition. Allowance is made for the tax effect of revaluations made.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset. Goodwill arising on acquisition can be restated until the end of the year after the acquisition.

Acquired goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years. The amortisation period is based on the assessment that the entities in question are strategically acquired entities with a strong market position and a long-term earnings profile.

Tangible assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life		Residual value
Property, including manufacturing plants	15-50	years	0-62 %
Plant and machinery	3-15	years	0-27 %
Other fixtures and fittings, tools and equipment	3-5	years	0 %

The useful life and residual value of the company's property, plant and equipment is reassessed annually.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Leases

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

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

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Fixed asset investments

Investments in subsidiaries and associates

Investments in subsidiaries are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method.

Accounting policies

Investments in subsidiaries with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Steel Products A/S is adopted are not taken to the net revaluation reserve.

Acquisitions are accounted for using the purchase method, cf. the above description of the statement of goodwill.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

Production overheads include the indirect cost of materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

Accounting policies

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Securities and investments

Securities and investments, which consist of listed shares and bonds, are measured at fair value at the balance sheet date. Non-listed securities are measured at fair value on the basis of the estimated value in use.

Reserve for net revaluation under the equity method

The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries and associates relative to the cost.

Provisions

Provisions are recognised when, as a result of a past event, the group has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Other provisions comprise warranty commitments which include expenses for remedial action within the warranty period of 1-5 years. Provisions for warranty commitments are measured and recognised based on experience gained from guarantee work. Provisions with an expected maturity of more than one year from the balance sheet date are discounted using a rate that reflects the risk and maturity of the liability.

Income tax and deferred tax

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

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Accounting policies

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Accounting policies

Financial highlights

Definitions of financial ratios.

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

Income statement 1 July 2018 - 30 June 2019

		Group		Parent Company	
	Note	**2018/19**	**2017/18**	**2018/19**	**2017/18**
		TDKK	TDKK	TDKK	TDKK
Revenue	1	**545.226**	**559.466**	**0**	**0**
Cost of sales	2	(494.167)	(492.004)	0	0
Gross profit		**51.059**	**67.462**	**0**	**0**
Distribution costs	2	(6.055)	(7.242)	0	0
Administrative costs	2	(23.107)	(23.896)	(82)	(57)
Operating profit/loss		**21.897**	**36.324**	**(82)**	**(57)**
Other operating income		1.671	169	0	0
Profit/loss before financial income and expenses		**23.568**	**36.493**	**(82)**	**(57)**
Income from investments in subsidiares	3	0	(136)	13.655	26.466
Financial income	4	1.459	1.210	0	0
Financial costs	5	(2.986)	(3.710)	(322)	(517)
Profit/loss before tax		**22.041**	**33.857**	**13.251**	**25.892**
Tax on profit/loss for the year	6	(8.592)	(7.583)	89	126
Profit/loss from continuing operations		**13.449**	**26.274**	**13.340**	**26.018**
Profit from discontinuing operations	7	0	38	0	0
Profit/loss for the year		**13.449**	**26.312**	**13.340**	**26.018**
Minority interests' share of net profit/loss of subsidiaries		(109)	(294)		
	8	**13.340**	**26.018**		

Balance sheet at 30 June 2019

		Group		Parent Company	
	Note	**2019**	**2018**	**2019**	**2018**
		TDKK	TDKK	TDKK	TDKK
Assets					
Goodwill		0	12.229	0	0
Intangible assets	9	**0**	**12.229**	**0**	**0**
Land and buildings		83.664	82.427	0	0
Plant and machinery		56.890	67.391	0	0
Other fixtures and fittings, tools and equipment		923	898	0	0
Tangible assets	10	**141.477**	**150.716**	**0**	**0**
Investments in subsidiaries	11	0	0	137.326	123.171
Deposits		0	100	0	0
Fixed asset investments		**0**	**100**	**137.326**	**123.171**
Total fixed assets		**141.477**	**163.045**	**137.326**	**123.171**
Raw materials and consumables		36.610	42.022	0	0
Work in progress		60.586	54.107	0	0
Finished goods and goods for resale		23.657	21.742	0	0
Stocks		**120.853**	**117.871**	**0**	**0**

Balance sheet at 30 June 2019 (Continued)

	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
		TDKK	TDKK	TDKK	TDKK
Assets					
Trade receivables		72.239	86.074	0	0
Receivables from parent company		2.884	200	0	0
Other receivables		4.622	6.462	0	0
Joint taxation contributions receivable		0	0	215	126
Prepayments	12	1.714	801	0	0
Receivables		**81.459**	**93.537**	**215**	**126**
Current asset investments		2	5	0	0
Securities		**2**	**5**	**0**	**0**
Cash at bank and in hand		**8.342**	**7.009**	**0**	**0**
Total current assets		**210.656**	**218.422**	**215**	**126**
Total assets		**352.133**	**381.467**	**137.541**	**123.297**

Balance sheet at 30 June 2019

Equity and liabilities

	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
		TDKK	TDKK	TDKK	TDKK
Share capital		7.400	7.400	7.400	7.400
Reserve for net revaluation under the equity method		0	0	58.647	44.748
Retained earnings		110.912	97.572	52.265	52.824
Minority interests		2.385	2.487	0	0
Equity		**120.697**	**107.459**	**118.312**	**104.972**
Provision for deferred tax	13	10.138	4.643	0	0
Other provisions	14	5.343	5.343	0	0
Total provisions for liabilities		**15.481**	**9.986**	**0**	**0**
Subordinate loan capital		10.800	45.000	0	0
Mortgage loans		81.762	84.921	0	0
Lease obligations		459	699	0	0
Payables to parent company		10.500	10.500	0	0
Joint taxation contributions payable		3.069	0	0	0
Total non-current liabilities	15	**106.590**	**141.120**	**0**	**0**

Balance sheet at 30 June 2019 (Continued)

		Group		Parent Company	
	Note	**2019**	**2018**	**2019**	**2018**
		TDKK	TDKK	TDKK	TDKK
Equity and liabilities					
Short-term part of long-term debt	15	4.289	1.466	0	0
Prepayments received from customers		4.735	2.398	0	0
Trade payables		44.951	62.244	57	57
Payables to parent/subsidiaries		25.542	23.449	19.172	18.268
Joint taxation contributions payable		147	3.184	0	0
Other payables		29.672	30.161	0	0
Deposits		29	0	0	0
Total current liabilities		**109.365**	**122.902**	**19.229**	**18.325**
Total debt		**215.955**	**264.022**	**19.229**	**18.325**
Total liabilities		**352.133**	**381.467**	**137.541**	**123.297**
Staff	2				
Contingencies, etc.	16				
Mortgages and collateral	17				
Related parties and ownership structure	18				

Statement of changes in equity

Group

	Share capital	Retained earnings	Minority interests	I alt
Equity	7.400	94.680	2.487	104.567
Net effect from adjustment of error	0	2.892	0	2.892
Adjusted equity	7.400	97.572	2.487	107.459
Net profit or loss for the year	0	13.340	109	13.449
Change in minority interests	0	0	(211)	(211)
Equity	**7.400**	**110.912**	**2.385**	**120.697**

Parent company

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	I alt
Equity	7.400	41.856	52.824	102.080
Net effect from adjustment of error	0	2.892	0	2.892
Adjusted equity	7.400	44.748	52.824	104.972
Net profit or loss for the year	0	13.899	(559)	13.340
Equity	**7.400**	**58.647**	**52.265**	**118.312**

Cash flow statement 1 July 2018 - 30 June 2019

	Note	Group 2018/19 TDKK	Group 2017/18 TDKK
Net profit/loss for the year		13.340	26.018
Adjustments	19	42.812	34.138
Change in working capital	20	(4.227)	(18.846)
Cash flows from operating activities before financial income and expenses		**51.925**	**41.310**
Financial income		1.459	1.210
Financial costs		(2.986)	(3.710)
Cash flows from ordinary activities		**50.398**	**38.810**
Corporation tax paid		(3.065)	(3.656)
Cash flows from operating activities		**47.333**	**35.154**
Purchase of property, plant and equipment		(13.552)	(13.742)
Sale of property, plant and equipment		2.437	807
Sale of financial assets		100	1.834
Cash flows from investing activities		**(11.015)**	**(11.101)**
Repayment of mortgage loans		(270)	(5.600)
Reduction of lease obligations		(306)	(1.824)
Repayment of subordinate loan capital		(34.200)	0
Dividend paid		(212)	(6.000)
Cash flows from financing activities		**(34.988)**	**(13.424)**
Change in cash and cash equivalents		**1.330**	**10.629**
Cash at bank and in hand		7.009	5.195
Current asset investments		5	6
Overdraft facility		0	(9.536)
Cash and cash equivalents at 1 July		7.014	(4.335)
Cash from sale of subsidiaries		0	720
Cash and cash equivalents at 30 June		**8.344**	**7.014**

Cash flow statement 1 July 2018 - 30 June 2019 (Continued)

	Note	Group 2018/19 TDKK	Group 2017/18 TDKK
Analysis of cash and cash equivalents:			
Cash at bank and in hand		8.342	7.009
Current asset investments		2	5
Cash and cash equivalents at 30 June		**8.344**	**7.014**

Notes to the annual report

		Group		Parent Company	
		2018/19	**2017/18**	**2018/19**	**2017/18**
		TDKK	TDKK	TDKK	TDKK
1	**Revenue**				
	Domestic revenue	153.557	157.518	0	0
	Export revenue	391.669	401.948	0	0
	Total revenue	**545.226**	**559.466**	**0**	**0**
2	**Staff**				
	Wages and Salaries	143.118	144.636	0	0
	Pensions	11.385	10.622	0	0
	Other social security expenses	2.333	2.091	0	0
	Other staff expenses	6.774	7.964	0	0
		163.610	**165.313**	**0**	**0**
	Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:				
	Cost of sales	146.032	143.277	0	0
	Distribution costs	2.751	3.928	0	0
	Administrative costs	14.827	18.108	0	0
		163.610	**165.313**	**0**	**0**
	Including remuneration to the Executive and Supervisory Boards of	**2.020**	**4.960**	**0**	**0**
	Average number of employees	364	357	0	0

Notes to the annual report

		Parent Company	
		2018/19	**2017/18**
		TDKK	TDKK
3	**Income from investments in subsidiares**		
	Share of profits of subsidiaries	14.146	26.466
	Change in intercompany profit on inventories purchased within the group	(491)	0
		13.655	**26.466**

		Group		Parent Company	
		2018/19	**2017/18**	**2018/19**	**2017/18**
		TDKK	TDKK	TDKK	TDKK
4	**Financial income**				
	Other financial income	1.459	1.210	0	0
		1.459	**1.210**	**0**	**0**
5	**Financial costs**				
	Interest paid to subsidiaries	629	737	322	517
	Other financial costs	2.357	2.973	0	0
		2.986	**3.710**	**322**	**517**
6	**Tax on profit/loss for the year**				
	Current tax for the year	3.134	3.184	(89)	(126)
	Deferred tax for the year	4.707	4.399	0	0
	Adjustment of tax concerning previous years	(37)	0	0	0
	Adjustment of deferred tax concerning previous years	788	0	0	0
		8.592	**7.583**	**(89)**	**(126)**

Notes to the annual report

		Group		Parent Company	
		2018/19	2017/18	2018/19	2017/18
		TDKK	TDKK	TDKK	TDKK
7	**Profit from discontinuing operations**				
	Revenue	0	13.782	0	0
	Cost of sales	0	(9.945)	0	0
	Distribution costs	0	(167)	0	0
	Administrative costs	0	(3.327)	0	0
	Other operating income	0	(70)	0	0
	Financial costs	0	(160)	0	0
	Tax on profit for the year	0	(49)	0	0
	Deferred tax for the year	0	(26)	0	0
	Profit for the year	**0**	**38**	**0**	**0**
8	**Proposed distribution of the profit for the year**				
	Extraordinary dividend for the year	0	6.000	0	6.000
	Reserve for net revaluation under the equity method	0	0	13.899	25.810
	Retained earnings	13.449	20.312	(559)	(5.792)
		13.449	**26.312**	**13.340**	**26.018**

9 Intangible assets

Group

	Goodwill
Cost at 1 July 2018	15.729
Cost at 30 June 2019	15.729
Depreciation losses and impairment at 1 July 2018	3.500
Depreciation and impairment for the year	12.229
Depreciation losses and impairment at 30 June 2019	15.729
Carrying amount at 30 June 2019	**0**

Notes to the annual report

10 Tangible assets

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost at 1 July 2018	142.698	431.560	2.050
Additions for the year	6.318	6.608	626
Disposals for the year	(1.675)	(5.160)	(36)
Cost at 30 June 2019	147.341	433.008	2.640
Revaluations at 1 July 2018	15.049	25.000	0
Revaluations at 30 June 2019	15.049	25.000	0
Impairment losses and depreciation at 1 July 2018	75.320	389.169	1.152
Depreciation for the year	4.332	16.933	601
Reversal of impairment and depreciation of sold assets	(926)	(4.984)	(36)
Impairment losses and depreciation at 30 June 2019	78.726	401.118	1.717
Carrying amount at 30 June 2019	**83.664**	**56.890**	**923**
Value of leased assets	0	1.183	0

Notes to the annual report

	Parent Company 2019	Parent Company 2018
	TDKK	TDKK
11 Investments in subsidiaries		
Cost at 1 July 2018	78.179	78.179
Additions for the year	500	0
Disposals for the year	0	0
Cost at 30 June 2019	78.679	78.179
Revaluations at 1 July 2018	44.992	21.829
Disposals for the year	0	0
Net effect from correction of error	0	2.236
Net profit/loss for the year	14.146	26.466
Received dividend	0	(6.000)
Other equity movements, net	0	461
Depreciation of goodwill	0	0
Change in intercompany profit on inventories	(491)	0
Revaluations at 30 June 2019	58.647	44.992
Carrying amount at 30 June 2019	**137.326**	**123.171**

Parent company
Investments in subsidiaries are specified as follows:

Navn	Registered office	Ownership interest	Equity	Profit/loss for the year
Aage Østergaard Horsens A/S	Horsens	100 %	85.158	8.000
DFT-Presswork A/S	Sønderborg	100 %	52.201	6.189
Steel Products Ejendomme ApS	Horsens	100 %	458	(42)

Notes to the annual report

12 Prepayments

Prepayments comprise prepaid expenses regarding insurance premiums, subscriptions etc.

	Group		Parent Company	
	2019	**2018**	**2019**	**2018**
	TDKK	TDKK	TDKK	TDKK
13 Provision for deferred tax				
Provision for deferred tax at 1 July 2018	4.643	302	0	0
Adjustment beginning of the year	788	630	0	0
Provision in year	4.707	4.399	0	0
Employed in year, discontinuing operations	0	(688)	0	0
Provision for deferred tax at 30 June 2019	**10.138**	**4.643**	**0**	**0**
Property, plant and equipment	13.837	13.990	0	0
Inventories	1.042	816	0	0
Trade receivables	(44)	(44)	0	0
Liabilities	(191)	(635)	0	0
Other taxable temporary differences	(88)	(77)	0	0
Tax loss carry-forward	(4.418)	(9.407)	0	0
	10.138	**4.643**	**0**	**0**

14 Other provisions

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Balance at beginning of year at 1 July 2018	5.343	2.681	0	0
Provision in year	0	2.662	0	0
Balance at 30 June 2019	**5.343**	**5.343**	**0**	**0**

Other provisions relate to warranty costs on goods sold. Provisions are assessed annually and based on historical data.

Notes to the annual report

15 Long-term debt

Group	Debt at 1 July 2018	Debt at 30 June 2019	Instalment next year	Debt outstanding after 5 years
Subordinate loan capital	45.000	10.800	0	0
Mortgage loans	85.913	85.643	3.881	64.595
Lease obligations	1.173	867	408	0
Payables to parent company	10.500	10.500	0	0
Joint taxation contributions payable	0	3.069	0	0
	142.586	**110.879**	**4.289**	**64.595**

16 Contingencies, etc.

The group has entered into operating leases with term to maturity in 2-36 months. The total commitment relating to these leases amounts to DKK 408 thousand. DKK 220 thousand is due within 1 year.

The group has entered into a lease contract that is interminable for 42 month and has an average monthly payment of DKK 261 thousand, totalling DKK 10.962 thousand.

The group has provided guarantee to the usual extent.

Parent company

The company is jointly taxed with its parent company, Kirkehøjgaard ApS (management company), and jointly and severally liable with other jointly taxed entities for payment of income taxes as well as for payment of withholding taxes on dividends, interest and royalties. The total amount of corporation tax payable is disclosed in the Annual Report of Kirkehøjgaard ApS.

Notes to the annual report

17 Mortgages and collateral

Land and buildings at a carrying amount of DKK 77.456 thousand at 30 June 2019 have been provided as security for mortgage debt totalling DKK 85.643 thousand.

Plant and machinery of DKK 56.890 thousand and other fixtures and fittings, tools and equipment of DKK 923 thousand may with the exception of cars include the mortgage on property in compliance with the rules on security for fittings.

The group has issued owner's mortgage of DKK 25.775 thousand which leads to a mortgage on specific plant and machinery. The owner's mortgage is in the possession of the company.

As security for commitment with Sydbank, company charge of DKK 57.500 thousand extensive operating fixtures and equipment, stocks and receivables from sales. The carrying amount of assets covered by the company charge amounts to DKK 231.742 thousand at June 30 2019.

18 Related parties and ownership structure

Controlling interest

Kirkehøjgaard ApS, Horsens, Denmark (parent company)

Other related parties

Aage Østergaard Horsens A/S, Horsens, Denmark
DFT-Presswork A/S, Sønderborg, Denmark
Steel Products Ejendomme ApS, Horsens, Denmark
Brdr. Madsen Maskinteknik A/S, Horsens, Denmark
SP 2016 ApS, Horsens, Denmark
Timo Ejendomme ApS, Horsens, Denmark

Transactions

The company has decided to only disclose information on transactions that have not been made on an arm's length basis according to section 98c, subsection 7 of the Danish Financial Statements Act.

Consolidated financial statements

The company is reflected in the group report as the parent company. The company is also a part of the consolidated financial statements of the parent company, Kirkehøjgaard ApS, CVR no. 25372808

Notes to the annual report

		Group	
		2018/19	**2017/18**
		TDKK	TDKK
19	**Cash flow statement - adjustments**		
	Financial income	(1.459)	(1.210)
	Financial costs	2.986	3.710
	Depreciation, amortisation and impairment losses, including losses and gains on sales	32.584	23.131
	Tax on profit/loss for the year	8.592	7.583
	Minority interests' share of net profit/loss of subsidiaries	109	294
	Other adjustments	0	630
		42.812	**34.138**

20	**Cash flow statement - change in working capital**		
	Change in inventories	(2.982)	(19.782)
	Change in receivables	12.078	(4.194)
	Change in trade payables, etc.	(13.323)	5.130
		(4.227)	**(18.846)**