









ANNUAL REPORT 2018

Approved by the company at the general meeting on

Chairman

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STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS ON THE ANNUAL REPORT

The Executive and Supervisory Boards have today considered and adopted the Annual Report of BROEN A/S for the financial year 1 January 31 December 2018.

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

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2018.

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

Assens, May 23, 2019

Executive Board

Mogens Garde Laursen

ene Schwartz

1. —

Supervisory Board

Arno Rudolf Moninex

Wiebe Arnold Pelsma

Stefan Greve Klaaborg

or tedese

Johnny Eijgendaal

INDEPENDENT AUDITORS' REPORTS

To the Shareholder of BROEN A/S

We have audited the consolidated financial statements and the parent financial statements of Broen A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Assens, May 23, 2019

Deloitte

Statsautoriseret Revisionspartnerselskab CVR-no. 33 96 35 56

Henrik Vedel

State Authorised Public Accountant

MNE-nr. mne10052

COMPANY INFORMATION

Company

BROEN A/S

Skovvej 30

5610 Assens

Telephone: +45 64 71 20 95

Website: www.broen.com

Company registration no.: 71 17 25 11

Registered in: Assens

Supervisory Board

Arno Rudolf Monincx, Chairman

Wiebe Arnold Pelsma

Johnny Eijgendaal

Lars Linaa Jørgensen

Stefan Greve Klaaborg, elected by the employees

Dorte Abildgren Pedersen, elected by the employees

Executive Board

Mogens Garde Laursen, CEO

Lene Schwartz, CFO

Company auditor

Deloitte

Statsautoriseret Revisionspartnerselskab

GROUP STRUCTURE AS PER 31.12.2018

BROEN A/S

Share capital: T.DKK 10,400

Industrial Controls

Business area: Production and sale of control valves, etc.

Building Installations

Business area: Production and sale of valves, etc.

District Energy

Business area: Production and sale of valves, etc.

Natual Gas

Business area: Production and sale of valves, etc.

100 %

T.SEK 110

Gothenburg, Sweden

BROEN AB

Proportion of shares:
Share capital:
Domicile:

BROEN Poland sp. z.o.o.

Proportion of shares: 100 %
Share capital: T.PLN 5,363
Domicile: Dzierzoniow, Polen

BROEN Valves Beijing Co., Ltd.

Proportion of shares: 100 %
Share capital: T.CNY 1,126
Domicile: Beijing, China

BROEN SEI srl

Proportion of shares: 75 %
Share capital: T.RON 1
Domicile: Bucharest, Romania

Valves Investments B.V.

Proportion of shares: 100 %
Share capital: T.EUR 500
Domicile: Utrecht, The Netherlands

BROEN ASIA PTE LTD

Proportion of shares: 100 %
Share capital: T.SGD 100
Domicile: Singapore, Asia

HIGHLIGHTS AND FINANCIAL RATIOS FOR THE GROUP

	2014	2015	2016	2017	2018
	T.DKK/	T.DKK/	T.DKK/	T.DKK/	T.DKK/
	T.EUR	T.EUR	T.EUR	T.EUR	T.EUR
Five years' highlights					
Net turnover	811,471	600,967	610,962	605,145	599,101
	108,656	80,530	82,058	81,277	80,238
Operating profit	228,750	71,834	77,164	98,704	58,899
	30,630	9,626	10,364	13,257	7,888
Net financial costs	7,196	(8,846)	(7,643)	(6,647)	(101)
	964	(1,185)	(1,027)	(893)	(14)
Profit before tax	235,947	62,988	69,521	92,057	58,798
	31,593	8,440	9,337	12,364	7,875
Net Profit of the year	173,434	46,483	51,667	73,596	45,351
	23,223	6,229	6,939	9,885	6,074
Total assets	878,558	559,231	549,109	560,752	594,281
	117,639	74,937	73,751	75,315	79,592
Investments in tangible fixed assets	24,822	27,477	16,812	36,517	35,972
	3,324	3,682	2,258	4,905	4,818
Equity	530,226	226,798	271,301	300,038	328,251
	70,997	30,391	36,438	40,298	43,963
Profit margin ¹	29.1%	10.5%	11.4%	15.2%	9.8%
Asset turnover ²	0.9	1.1	1.1	1.1	1.0
Return on capital and reserves ³	34.2%	8.8%	22.8%	27.1%	15.1%
Solvency ratio ⁴	60.4%	40.6%	49.4%	53.5%	55.2%
Average number of employees	631	543	569	574	609

¹ Profit before tax as a percentage of net turnover

² Ratio of sales to total assets at the end of the year

³ Profit for the year as a percentage of capital and reserves at the beginning of the year

⁴ Capital and reserves as a percentage of total assets

⁵ Highlights and financial ratios are converted at the closing rate of the balance sheet day

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MANAGEMENT'S REVIEW

The BROEN group is part of the international group Aalberts N.V. listed on the Euro-next Amsterdam and on the AEX index.

Principal activities

The BROEN group's activities are the development, production, marketing and sale of valves and fittings worldwide.

The result of year 2018

In 2018 group sales were mDKK 599 compared to mDKK 605 in 2017, which represents a negative growth of 1%. Group sales in Russia were severely affected by a major fall in the RUB/DKK rate, which during 2018 fell by 12%.

The ordinary consolidated operating profit was mDKK 59 compared to mDKK 99 in 2017. Overall profit before tax was thus mDKK 59 compared to mDKK 92 in 2017. This result is less than last year due to BROEN A/S last year has transferred a daughter company within Material Technology to a sister company within Aalberts N.V.

BROEN A/S and Clorius Controls A/S has been merged by the 1/1 2018.

During the last months in 2018 BROEN A/S has decided to close down BROEN ASIA.

BROEN has managed to uphold market shares concurrently with a continuous adjustment of costlevels. Even considering the difficult market conditions, particularly in Russia, the severely weakened rouble the result of the year is not as expected.

The market

BROEN has seen a limited increase in sales in 2018 compared to 2017. Our Danish market has remain positive and in several European countries, especially in Western Europe. The China market developed lower than expected and lower than 2017 and remaining market was falt or positively the sales developed positive.

The Russian market has developed positive this year, but the limited liquidity in the market has an impact on the growth and the government still postpone projects. The rouble rate declined with 12 % and had a major impact on the development in sales. In all other markets a positive, but still relatively low growth was realized.

Products and product development

The development of our new Full flow valve and a new production line has been finalized during the year. This product will contribute to further growth in 2019 and the years to come. The development of the product line will continue 2019 for expansion of this product range and further investments in expansion of production capacity.

In the course of the year BROEN's investments amounted to mDKK 36, primarily in Polen, Russia and Denmark.

Organisation

In 2018 the group had an average number of staff members of 609 compared to last year 574.

Gender equality on the board and at other management levels

The group is determined to observe the provisions of the Danish Financial Statements Act on gender equality on the board and at other management levels. Today the board holds both male and female members. At other management levels it is the group's policy that both men and

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women are encouraged to apply for vacancies within the group, and that men and women are guaranteed the same rights, terms and conditions at and during their employment. The group expects this policy to result in increased gender equality.

Corporate Social Responsibility

The company has not prepared a local CSR policy, but observes and complies with the CSR stipulations and guidelines stated in the annual report of the ultimate parent company Aalberts N.V. see Annual Report 2018 for Aalberts N.V. on the website www.aalberts.com in the headline investors, part "results and presentations".

Environmental policy

The company processes and manufactures products and materials with due consideration to the lowest possible impact on the environment. This includes limiting the discharge of waste water, air pollution, noise pollution and waste products. It also includes the observance of existing regulations and approvals. There are ongoing environmental improvements in the above areas as well as within the working environment.

Future

Overall growth for 2019 expects to be in the level of 2-3% and on profit from ordinary activites with the same level as 2018.

A slight improvement the Russia economic is expected and will have a great impact on the market opportunities in Russia in 2019. In Western Europe, USA and China markets expect still to remain positive within both in the Industrial sector and Building Industry, this will be sufficient to create further progress combined with the marketing of the new products.

The group will thus focus on new areas combined with new products, adjusting the organisation to the current situation and on increasing sales efforts in all markets. Focus will be in further development of the new productline to support further growth in 2019.

In 2019 the company will continue to invest in further product development and new production equipment in our factories mainly in Denmark.

Subsequent events

No events have occurred subsequent to the balance sheet date and up to this date that change the assessment of the annual accounts.

ACCOUNTING POLICIES

The Annual Report for 2018 is presented in DKK thousands.

Basis of preparation

The Annual Report of BROEN A/S for 2018 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 are the same compared to last year.

Consolidation policy

The group accounts include BROEN A/S, Danmark, the parent company, and companies where the parent company directly or indirectly has the voting right majority or in which the parent company through a shareholding or in any other way has a controlling interest. Companies in which the group owns between 20 % and 50 % of the voting rights or has a substantial, but not controlling interest are considered affiliated companies.

The consolidation sums up items of a uniform nature. Inter-group income and expenses, shareholdings, dividends and outstanding accounts as well as non-realized internal gains and losses related to transactions between the consolidated companies are eliminated.

The parent company's investment interests in the consolidated subsidiaries are offset by the parent company's share of the book value of the subsidiaries at the date of the establishment of the relationship.

Investments in subsidiaries

Investments in subsidiaries are recognised under the equity method.

The items "Income from investments in subsidiaries after tax" in the income statement include the proportionate share of the profit after tax less goodwill amortisation.

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of any remaining value of goodwill or negative goodwill.

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.

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.

At the acquisition of subsidiaries their assets and liabilities are measured at the realisable value at the time of acquisition and with due consideration to the inclusion of possible restructuring provisions made for the company acquired. Goodwill paid for at the acquisition is included in "Investments in subsidiaries" and is amortized on a straight-line basis over the estimated useful life. The maximum amortization period is 20 years, which is based on the estimated useful lifetime.

Minority holdings

At the preparation of the consolidated accounts and the group equity, the shares of the subsidiary's result and equity attributable to minority holdings are entered as separate items in the profit and loss account and in the balance sheet. Minority holdings are included on the basis of the revaluation of the acquired assets and liabilities at market value at the date of acquisition.

Subsequent adjustments in minority holdings are included in the accounts at the time of adjustment.

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Leases

Finance leases in respect of property, plant and equipment are recognised in the balance sheet at the cost value of the leased asset. Assets acquired under finance leases are depreciated and written down for impairment like the other property, plant and equipment of the Company.

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 operational leases. Payments made under operational leases are recognised in the income statement over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at transaction dates. 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. Gains and losses from foreign currencies are recognised in financial income and expenses in the income statement.

Foreign subsidiaries and associates of the Company are separate legal entities and the income statements are translated at average exchange rates, whereas balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange adjustments arising on the translation of the opening equity of foreign enterprises and exchange adjustments arising from the translation at average exchange rates of the income statements of foreign enterprises are recognised directly in equity.

Exchange adjustments of loans in foreign currencies contracted for the hedging of investments in foreign subsidiaries and associates or loans considered to be derived from the investment are recognised directly in equity. If the hedge is not effective, the ineffective portion is reported immediately in net profit or loss.

Corporation tax and deferred tax

The Company is jointly taxed with the Danish companies that form part of the overall parent company. The tax effect of the joint taxation of the enterprises is allocated to both profitable and unprofitable Danish enterprises in relation to their taxable income (full allocation with refund of fiscal losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Tax for the year consists of current tax for the year and deferred tax for the year.

Current tax is recognised in receivables in the balance sheet in the event of overpayment of tax on account, and in debt in the event of underpayment of tax on account.

Deferred tax provisions are made for the deviations between the accounting value and the tax value of assets and liabilities. Deferred tax assets are included at the expected realisable value.

Adjustment is made for deferred tax concerning unrealised intercompany gains and losses.

Segment reporting

In agreement with section 96(1) of the Danish Financial Statements Act segment information regarding net sales distributed on activities have been omitted, as management determines such information to be of substantial damage to the competitive power of the company.

PROFIT AND LOSS ACCOUNT

Net turnover

The revenue from sale of manufactured goods and goods for resales is recognised in the income statement, when delivery is made and risk has passed to the purchaser. Revenue is recognised net of

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VAT, duties and sales discounts and measured at fair value of the consideration fixed.

Production costs

Production costs comprise all costs incurred in connection with annual sales. The cost price includes raw materials, consumables, direct wages and salaries, indirect production costs, such as maintenance, depreciation, etc. as well as operational, administrative and management costs related to the production facilities.

Distribution costs

Distribution costs comprise salaries to sales and distribution staff, advertising and marketing costs as well as automobile costs, depreciation, etc. Depreciation of goodwill is included to the extent that goodwill relates to the distribution activities.

Administrative costs

Administrative costs comprise costs related to management, the administrative staff, office expenses, depreciation, etc.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

BALANCE SHEET

Intangible assets

Goodwill

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, which is based on the estimated useful lifetime.

Development projects, patents and licences

Development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities The amortisation period is 5 years.

Patents and licences are measured at cost less accumulated amortisation. Patents are amortised over the remaining patent period, and licences are amortised over the period of the agreement, but not exceeding 5 years.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

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

Buildings 20-40 years
Plant and machinery 10-15 years
Other fixtures and fittings, tools and equipment 3-5 years

Gains and losses on current replacement of tangible fixed assets are recognised as depreciations and impairments of fixed assets.

Impairment of fixed assets

The carrying amounts of both 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.

Stocks

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

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. Indirect production costs do not comprise interests.

Receivables

Receivables are recognised in the balance sheet at nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable and a general provision is also made based on the Company's experience.

Prepayments

Prepayments comprise prepaid expenses concerning the following year.

Equity

The dividend proposed by the management for the financial year is entered as a separate item under equity.

Financial debts

Fixed-interest 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 Company's cash and cash equivalents at the beginning and end of the year.

Cash flow statement for the parent company is not prepared, due to the parent company is a part of the cash flow statement for the Group.

Cash and cash equivalents

The cash and cash equivalents of the cash flow statement cover cash and cash equivalents with the deduction of bank debts, this forms the basis of the cash flow control of the company.

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

PROFIT AND LOSS ACCOUNT FOR 2018

		Grou	<u>p</u>	<u>Parent</u>	
	Note	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
		DKK 000	DKK 000	DKK 000	DKK 000
Net turnover	1	599,101	605,145	298,854	250,586
Production costs	2,3	(395,740)	(396,316)	(214,449)	(181,709)
Gross profit		203,361	208,829	84,405	68,877
Distribution costs	2,3	(66,267)	(60,199)	(39,314)	(28,216)
Administrative costs	2,3,4	(78,195)	(71,670)	(24,614)	(16,973)
Profit from ordinary activities		58,899	76,960	20,477	23,688
Other operating income		0	21,744	0	0
Operating profit		58,899	98,704	20,477	23,688
Result after tax in affiliated undertakings	5	0	0	31,120	58,370
Financial income	6	7,637	4,281	5,594	2,765
Financial expenses	7	(7,738)	(10,928)	(6,991)	(6,299)
Profit before tax		58,798	92,057	50,200	78,524
Tax on profit of the year	8	(13,497)	(18,047)	(4,849)	(4,928)
Profit before minority interests		45,301	74,010	45,351	73,596
Shares of minority interests		50	(414)	0	0
NET PROFIT OF THE YEAR	9	45,351	73,596	45,351	73,596

BALANCE SHEET AT 31.12.2018

ASSETS

		Group		<u>Parent</u>	
	Note	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
enalsky i sr.				2111 000	2121 000
Goodwill	10	25,317	27,784	0	0
Licenses	10	1,677	2,591	928	2,128
Development projects	10	7,693	9,006	6,708	7,724
Development projects in progress	10	7,963	4,444	7,963	4,444
Intangible fixed assets		42,650	43,825	15,599	14,296
Land and buildings	11	82,225	86,893	4,430	4,933
Plant and machinery	11	82,078	74,027	37,470	36,516
Other fixtures and fittings, tools and equipment	11	10,213	8,290	2,257	1,929
Tangible fixed assets in progress and prepayments for tangible assets	11	23,677	19,369	4,460	237
Tangible fixed assets		198,193	188,579	48,616	43,615
Capital participation in affiliated undertakings	12	0	0	340,138	342,067
Deposits	12	790	971	729	685
Financial fixed assets		<u>790</u>	971	340,867	342,752
FIXED ASSETS		241,633	233,375	405,083	400,663
Raw materials and consumables		63,500	71,729	11,194	8,003
Work in progress		49,399	45,933	3,113	2,568
Produced finished goods and commodities		65,160	65,935	_24,605	_20,146
Stocks		178,059	183,597	38,912	30,717

BALANCE SHEET AT 31.12.2018

ASSETS

	Group		Parent		
Note	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000	
Trade debtors	84,782	74,336	37,892	28,797	
Receivables from affiliated undertakings	10,925	12,730	15,490	15,474	
Other receivables	9,516	13,805	4,634	7,084	
Accruals and prepayments	7,127	6,237	4,614	3,504	
Receivables	112,350	107,108	62,630	54,859	
Cash funds	62,239	36,672	2,497	5,177	
CURRENT ASSETS	352,648	327,377	104,039	90,753	
ASSETS	594,281	560,752	509,122	491,416	

BALANCE SHEET AT 31.12.2018 LIABILITIES AND EQUITY

		Group		<u>Parent</u>		
	Note	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000	
Share capital	13	10,400	10,380	10,400	10,380	
Reserve for net revaluation according to the equity value method		0	0	222,603	228,702	
Reserve development projects		0	0	6,034	3,325	
Retained profit		288,428	288,737	59,791	56,710	
Proposed dividend for the year		30,000	0	30,000	0	
Minority interests		(577)	921	0	0	
EQUITY		328,251	300,038	328,828	299,117	
Provisions for deferred tax	14	2,071	300	5,288	3,977	
Provision for affiliated undertakings		0	0	9,710	6,628	
PROVISIONS		2,071	300	14,998	10,605	
Credit institutions		0	523	0	0	
Long term debt	15	0	523	0	0	
Suppliers of goods and services		64,353	74,205	23,527	22,523	
Amount owed to affiliated undertakings		167,103	149,463	122,767	136,956	
Other creditors		32,503	_36,223	19,002	22,215	
Short term debt		263,959	259,891	165,296	181,694	
				y.		
DEBT		263,959	260,414	165,296	181,694	
I IADII ITIES AND EQUITY		E04 291	E60 752	500 122	401 416	
LIABILITIES AND EQUITY		<u>594,281</u>	560,752	509,122	491,416	

Pledged assets and contingent liabilities, etc. note 17 Closely related partners, note 18

STATEMENT OF CHANGES IN EQUITY

GROUP

	Share capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Minority interest DKK'000	Total DKK'000
Equity at 01.01.2018	10,380	288,737	0	921	300,038
Addition due to merger	20	8,999	6,000	(1,445)	13,574
Dividend paid			(6,000)		(6,000)
Exchange rate adjustment concerning affiliated co	mpanies	(25,409)		(3)	(25,412)
Direct equity movement		750			750
Net profit for the year		45,351		(50)	45,301
Proposed dividend for the year		(30,000)	30,000		0
Equity at 31.12.2018	10,400	288,428	30,000	(577)	328,251

PARENT COMPANY

	Share capital DKK'000	Reserve under the equity method DKK'000	Reserve development d project DKK'000	Retained earnings DKK'000	Proposed dividend	Total DKK'000
Equity at 01.01.2018	10,380	228,702	3,325	56,710	0	299,117
Addition due to merger	20			8,999	6,000	15,019
Dividend paid					(6,000)	(6,000)
Direct equity movement		510		240		750
Exchange rate adjustment concerning	g					
affiliated companies		(25,409)				(25,409)
Reserve concerning development pro	ojects		2,709	(2,709)		0
Received dividend from affiliated						
companies		(12,320)		12,320		0
Net profit for the year		31,120		14,231		45,351
Proposed dividend for the year				(30,000)	30,000	0
Equity at 31.12.2018	10,400	222,603	6,034	59,791	30,000	328,828

CASH FLOW STATEMENT FOR THE GROUP FOR 2018

	Note	2018 DKK'000	2017 DKK'000
Operating profit		58,899	98,704
Depreciation		24,086	21,609
Changes in working capital	16	6,108	27,260
Cash flows from operating activities before financial income and expenses		89,093	147,573
Net interest, dividends and exchange rate gains		(101)	(6,647)
Net paid tax		(16,199)	(21,974)
Cash flow from operating activities		72,793	118,952
Purchase of intangible fixed assets		(5,105)	(4,733)
Purchase of tangible fixed assets		(35,972)	(36,517)
Sale of tangible fixed assets		195	19,779
Sale of intangible fixed assets		0	96
Purchase of financial fixed assets		179	(200)
Cash flows from investment activities		(40,703)	(21,580)
Instalments on long term debt		(523)	(381)
Dividend paid		(6,000)	(45,000)
Cash flow from financing activities		(6,523)	(45,381)
CHANGE IN CASH FUNDS		25,567	51,996
Cash funds at 01.01.2018		36,672	(15,324)
CASH FUNDS AT 31.12.2018		62,239	36,672
Cash funds comprise:			
Cash at bank and in hand		62,239	36,672
Short term bank debt		0	0
		62,239	36,672

	Gro	Group		<u>nt</u>
	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
1. Net turnover				
Denmark	80,951	76,291	80,626	76,291
Europe	436,880	463,047	167,716	155,414
Others	81,270	65,807	50,512	18,881
	599,101	605,145	298,854	250,586

Net turnover per activity classification can be classified as one activity - sales of valves in various dimensions.

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7	II m	nlo	\$7 PP3	ont	costs
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Salaries and wages	122,948	115,659	64,079	52,283
Pensions	11,822	14,080	7,959	6,559
Other social security costs	8,090	2,656	520	426
	142,861	132,395	72,558	59,268
Of this total fees comprise:				
Board of directors	30	30	30	30
Board of Management	4,557	7,652	4,557	7,652
Number of employees (converted to full-time)	609	574	124	105

	Group		<u>Parent</u>	
	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
3. Depreciation				
Depreciation is distributed as follows:				
Production costs	14,149	11,625	6,753	4,955
Distribution costs	274	192	213	137
Administrative costs	9,938	9,777	2,075	2,348
	24,361	21,594	9,041	7,440
Depreciation includes losses/(gains)				
from the sale of fixed assets	275	(15)	(8)	(17)
4. Auditors fee				
Audit fee Deloitte	990	883	331	217
Audit fee others	76	520	0	0
Fee for tax advice Deloitte	40	0	40	0
Fee for tax advice others	103	(180)	0	(368)
Fee for other services, other	18	13	18	13
	1,227	1,236	389	(138)
5. Result after tax in affiliated undertakings				
Share of profit after tax			35,741	63,229
Share of losses after tax			(3,634)	(3,666)
Change in unrealised internal profit on stocks			2,098	1,892
Depreciation on goodwill			(3,085)	_(3,085)
			31,120	58,370
6. Financial income				
Interest from affiliated undertakings	383	699	311	0
Currency deviations	6,049	2,792	5,263	2,752
Other interest	1,205	790	20	13
	7,637	4,281	5,594	2,765

		Group		<u>Parent</u>	
	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000	
7. Financial expenses					
Interest owed to affiliated undertakings	2,522	1,530	1,383	112	
Currency deviations	4,770	6,911	5,328	4,737	
Other interest expenses and similar charges	446	2,487	280	1,450	
	7,738	10,928	6,991	6,299	
8. Tax on profit for the year					
Current tax	12,197	15,748	3,496	3,586	
Change in deferred tax	1,643	2,451	1,380	1,336	
Adjustment tax relating to prior year	(343)	(152)	(27)	6	
	13,497	_18,047	4,849	4,928	
9. Distribution of profit					
Proposed distribution of profit					
Proposed dividend for the year			30,000	0	
Reserve for net revaluation according to the equity value					
method			31,120	58,370	
Retained profit			(15,769)	_15,226	
			45,351	73,596	

NOTES TO THE ANNUAL REPORT GROUP

	Goodwill	Licenses	Development projects	ment projects
	DKK'000	DKK'000	DKK'000	in progress DKK'000
10. Intangible fixed assets				
Cost at 01.01.2018	67,698	20,645	18,363	4,444
Exchange rate adjustments	(60)	(114)	(46)	0
Addition due to merger	612	1,692	0	
Additions	0	758	828	3,519
Disposals	0	(151)	0	0
Cost at 31.12.2018	68,250	22,830	19,145	7,963
Depreciation at 01.01.2018	(39,914)	(18,054)	(9,357)	0
Exchange rate adjustments	66	103	9	0
Addition due to merger	0	(1,524)	0	
Depreciation	(3,085)	(1,829)	(2,104)	0
Disposals	0	151	0	0
Depreciation at 31.12.2018	(42,933)	(21,153)	(11,452)	0
Book value at 31.12.2018	25,317	1,677	7,693	7,963
Book value at 31.12.2017	27,784	2,591	9,006	4,444
Depreciated over years	10-20	3-5	5	<u>~</u>

NOTES TO THE ANNUAL REPORT PARENT COMPANY

	Goodwill	Licenses	Development projects	ment projects
	DKK'000	DKK'000	DKK'000	in progress DKK'000
10. Intangible fixed assets				
Cost at 01.01.2018	1,138	16,122	16,674	4,444
Addition due to merger	0	1,692	0	0
Additions	0	329	828	3,519
Disposals	0	(128)	0	0
Cost at 31.12.2018	1,138	18,015	17,502	7,963
Depreciation at 01.01.2018	(1,138)	(13,994)	(8,950)	0
Addition due to merger	0	(1,524)	0	0
Disposal	0	128	0	0
Depreciation	0	_(1,697)	_(1,844)	0
Depreciation at 31.12.2018	_(1,138)	(17,087)	(10,794)	0
Book value at 31.12.2018	0	928	6,708	7,963
Book value at 31.12.2017	0	2,128	7,724	4,444
Depreciated over years	10	3-5	5	

NOTES TO THE ANNUAL REPORT GROUP

11. Tangible fixed assets	Land and Buildings DKK'000	Plant and Machinery DKK'000	Other Fixtures,ect DKK'000	Prepayments for and tangible fixed assets in progress DKK'000
Cost at 01.01.2018	153,491	165,911	36,508	19,374
Exchange rate adjustments	(8,590)	(4,742)	(952)	0
Addition due to merger	0	0	2,630	0
Additions	5,462	20,963	5,244	4,540
Disposals	(53)	(113)	(1,807)	(237)
Cost at 31.12.2018	150,310	182,019	41,623	23,677
Depreciation at 01.01.2018	(66,598)	(91,884)	(28,218)	0
Exchange rate adjustments	1,758	2,824	738	0
Addition due to merger	0	0	(2,491)	0
Depreciation	(3,296)	(10,994)	(2,778)	0
Depreciation concerning disposals of the year	51	113	1,339	0
Depreciation at 31.12.2018	(68,085)	(99,941)	(31,410)	0
Book value at 31.12.2018	82,225	82,078	10,213	23,677
Book value at 31.12.2017	86,893	74,027	8,290	19,369
Depreciated over years	20-40	10-15	3-5	
Hereof included financially leased assets	0	0	256	0

NOTES TO THE ANNUAL REPORT PARENT COMPANY

11. Tangible fixed assets	Land and Buildings DKK'000	Plant and Machinery DKK'000	Other Fixtures, etc DKK'000	Prepayments for and tangible fixed assets in progress DKK'000
Cost at 01.01.2018	47,821	81,448	14,721	237
Addition due to merger	0	0	2,630	0
Additions	264	4,848	1,321	4,460
Disposals	0	0	(765)	(237)
Cost at 31.12.2018	48,085	86,296	17,907	4,460
Depreciation at 01.01.2018	(42,888)	(44,932)	(12,792)	0
Addition due to merger	0	0	(2,491)	0
Disposals	0	0	471	0
Depreciation	(767)	_(3,894)	(838)	0
Depreciation at 31.12.2018	(43,655)	(48,826)	(15,650)	0
Book value at 31.12.2018	4,430	37,470	2,257	4,460
Book value at 31.12.2017	4,933	36,516	1,929	237
Depreciated over years	20-25	10-15	3-5	
Hereof included financially leased assets	0	0	256	0

NOTES TO THE ANNUAL REPORT GROUP

12. Financial fixed assets	Deposits DKK'000
Cost at 01.01.2018	971
Exchange rate adjustements	9
Additions	44
Disposals	(233)
Cost at 31.12.2018	791
Book value at 31.12.2018	791
Book value at 31.12.2017	971

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NOTES TO THE ANNUAL REPORT PARENT COMPANY

12. Financial fixed assets	Capital participation in affiliated undertakings DKK'000	Deposits DKK'000
12. Financial fixed assets	DKK 000	DKK 000
Cost at 01.01.2018	106,736	685
Addition due to merger	1,089	0
Additions	0	42
Disposals	0	0
Cost at 31.12.2018	107,825	<u>729</u>
Revaluations at 01.01.2018	237,763	0
Direct equity movement	508	0
Exchange rate adjustment	(25,209)	0
Profit for the year of capital participation	34,157	0
Changes in intercompany profit	2,897	0
Depreciation on goodwill	(3,051)	0
Dividends for parent company	(12,320)	0
Revaluations at 31.12.2018	234.745	0
Amortization at 01.01.2018	(9,060)	0
Exchange rate adjustment	(200)	0
Profit for the year of capital participation	(2,049)	0
Changes in intercompany profit	(799)	0
Depreciation on goodwill	(34)	0
Dividends for parent company	0	0
Amortization at 31.12.2018	(12,142)	0
Provision for affiliated undertakings 31.12.2018	9,710	0
Book value at 31.12.2018	340,138	729
Book value at 31.12.2017	342,067	685
Hereof measured as goodwill	25,317	

			2018 DKK'000	2017 DKK'000
13. Share capital The share capital of the company, T.DKK 10,400, consists of shares of DKK 1,000 or multiples thereof			10,400	10,380
Balance 01.01 Addition			10,380	10,380
Balance 31.12			10,400	10,380
	Gro	oup	Pare	nt
	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
14. Deferred tax asset / Provisions for deferred tax		2017	2018	2017
14. Deferred tax asset / Provisions for deferred tax Intangible fixed assets		2017	2018	2017
	DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
Intangible fixed assets	DKK'000 3,422	2017 DKK'000	2018 DKK'000	2017 DKK'000
Intangible fixed assets Tangible fixed assets	3,422 4,348	2017 DKK'000 3,145 4,402	2018 DKK'000 3,422 3,344	2017 DKK'000 3,145 2,926
Intangible fixed assets Tangible fixed assets Financial fixed assets	3,422 4,348 (104)	2017 DKK'000 3,145 4,402 (414)	2018 DKK'000 3,422 3,344 0	2017 DKK'000 3,145 2,926 0
Intangible fixed assets Tangible fixed assets Financial fixed assets Stocks	3,422 4,348 (104) (1,632)	2017 DKK'000 3,145 4,402 (414) (1,865)	2018 DKK'000 3,422 3,344 0 324	2017 DKK'000 3,145 2,926 0 135
Intangible fixed assets Tangible fixed assets Financial fixed assets Stocks Receivables	3,422 4,348 (104) (1,632) (769)	2017 DKK'000 3,145 4,402 (414) (1,865) (631)	2018 DKK'000 3,422 3,344 0 324 (7)	2017 DKK'000 3,145 2,926 0 135 (5)

Deferred tax for the group has been provided in accordance to local tax rates. For parent it has been calculated at 22%.

NOTES TO THE ANNUAL REPORT	Gre	oun	Pare	ent
	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
	DILL 000	DIKI 000	DICK 000	DICK 000
15. Long term debt				
Payment due				
After 5 years	0	0	0	0
Between 1 and 5 years	0	523	0	0
	0	523	0	0
		201 DKK		2017 DKK'000
NOTES FOR CASHFLOW STATEMENT				
16. Change in working capital				
Change in stocks			5,538	(18,555)
Change in receivables		(5,242)	15,158
Change in suppliers of goods and services, etc.			7,113	30,927
Change in working capital due to merger			7,749	0
Currency regulations fixed assets/loans		(8,877)	(437)
Other corrections		`	(173)	167
		* 1 0 0 0 0 0	6,108	27,260
17. Pledged assets and contingent liabilities, etc.				
Pledged assets				
Owner's mortgage deeds held by the company	24,483	_24,483	24,483	24,483
Leasing commitments				
Leasing commitments, others				
Between 1 and 5 years	5,558	7,250	4,857	3,875
Within 1 year	3,402	2,400	3,147	2,373
	8,960	9,650	8,004	6,248
Rental commitments				
After 5 years	651	770	0	0
Between 1 and 5 years Within 1 year	4,499	3,270	829	2,072
within I year	1,887	2,041	1,483	1,395
	7,037	6,081	2,312	3,467

17. Pledged assets and contingent liabilities, etc.

Suretyship:

The Company has not provided a suretyship in 2018.

	Gro	Group		nt
	2017 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
Other commitments				
Submitted guarantees for work	1,988	23	1,988	0

The company has accepted a negative pledge from its main banker.

18. Closely related partners

Shareholder relations

Apart from normal in-group transactions and management fees there have in the course of the year been no transactions involving the board of management, the board of directors, chief executives, major shareholders, associated companies and other closely related or associated parties.

Group relations

The company is included in the Group Annual Report of Aalberts N.V., The Netherlands.

The Group Annual Report of Aalberts N.V. may be obtained upon application to BROEN A/S.



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Locations

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Sales- and Production Sites

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BROEN SA, Dzierżoniów (PL)

BROEN LLC, Kolomna (RU)

BROEN INC., Houston (US)

BROEN OIL & GAS, Suchy Las & Rogoźno (PL)

Clorius Controls, Dzierżoniów (PL)

Sales Offices O

BROEN, Assens

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