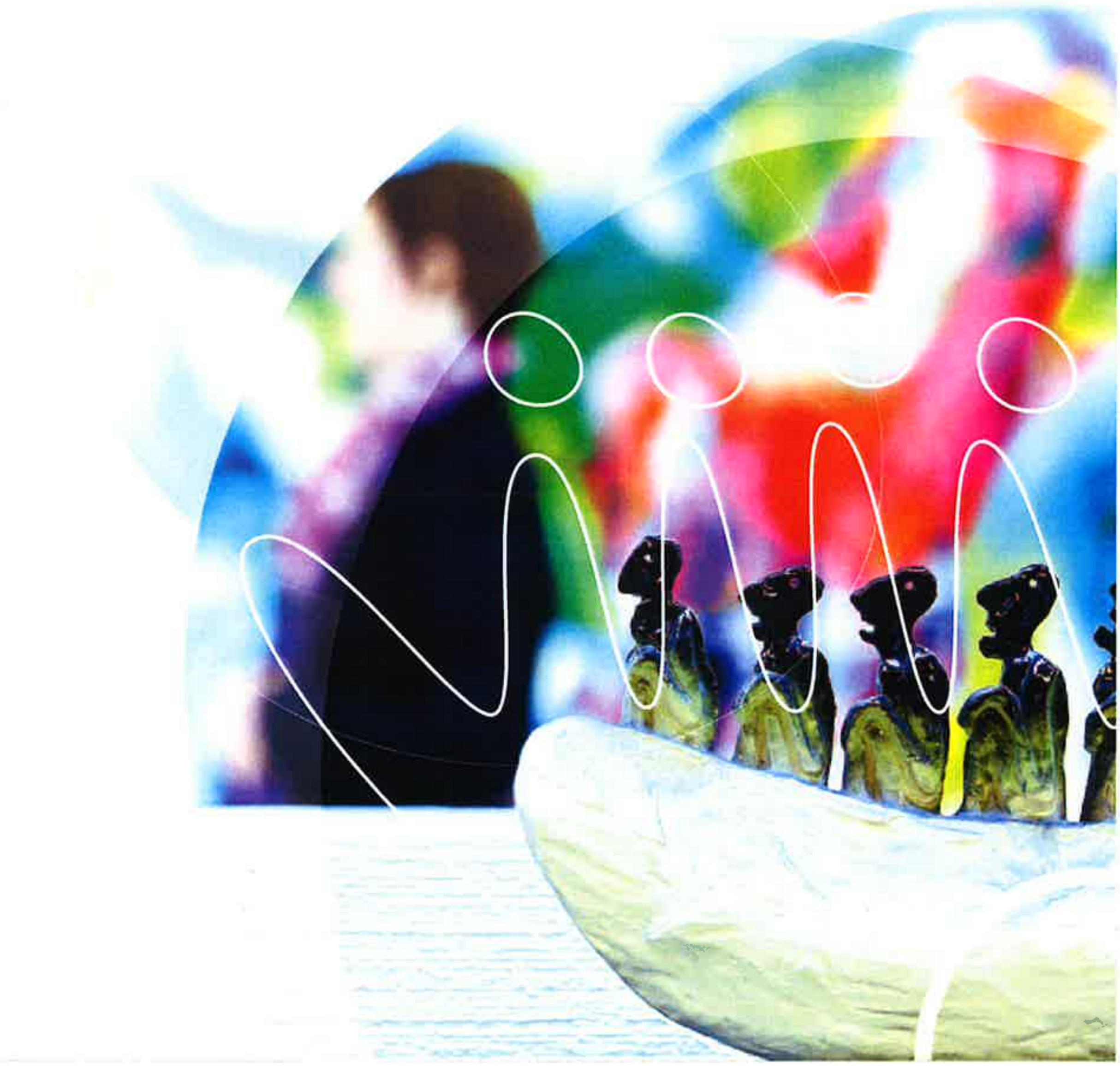
KJAER GROUP A/S
Central Business Registration No: 81 31 72 16
Grønnemosevej 6, DK - 5700 Svendborg.
Annual Report 2017
Annual General Meeting:
To be held on May 8, 2018 at 10.00 AM at the companies address.
Presented and adopted at the general meeting:

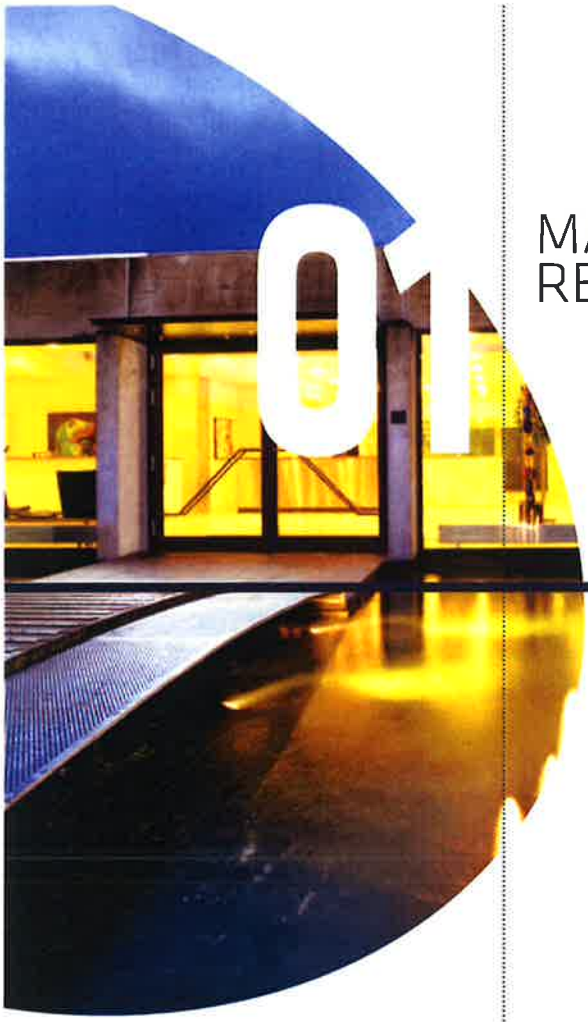
Flemming Schmidt, Chairman

2017

KJAER GROUP

ANNUAL REPORT





MANAGEMENT REVIEW

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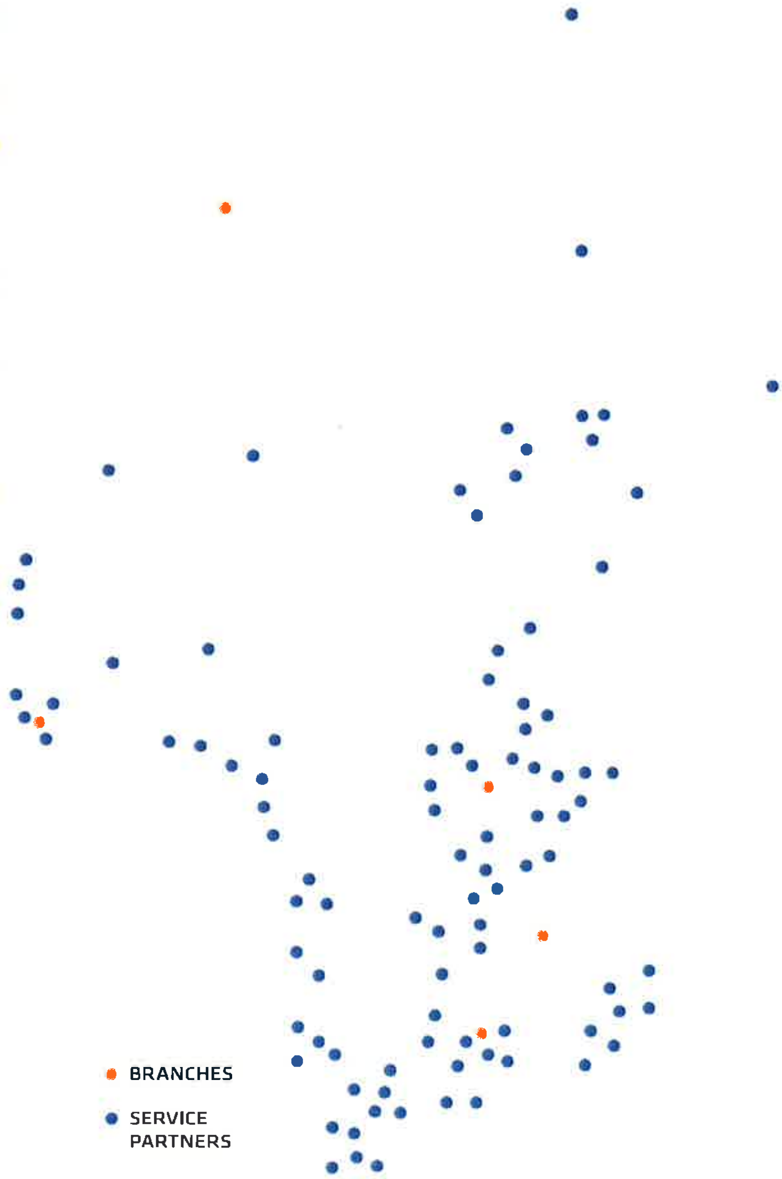
KJAER GROUP WAY OF MANAGEMENT

03

GROUP & PARENT ACCOUNTS

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MANAGEMENT REVIEW

ABOUT KJAER GROUP

KJAER GROUP was established as a car dealership company by Mr. Christian Kjær in Svendborg in 1962. Today the Group provides automotive mobility solutions internationally and employs 275 people.

The Group holds a leading position within it's business segments in Mozambique and Uganda where we operate distribution, fully owned workshops and service facilities under the name of MOTORCARE.

Globally, KJAER & KJAER and AUTO KJAER deliver vehicles, motorcycles, parts, accessories, insurance and finance solutions to customers in the International Aid and Development sector (NGOs, the UN, the EU, etc.). KJAER GROUP's ambition and way of Management is to develop the business in a profitable and responsible way, and it is the company's objective that social and environmental goals are prioritized in the same manner as the financial targets.

The "Triple Bottom Line" principle is an integral part of the "KJAER GROUP way of Management" and the UN's principles for sustainability (the UN Global Compact), which KJAER GROUP endorsed in 2003, are an important point of reference for all activities.

KJAER KJAER

Provide automotive mobility solutions which are tailor-made to organizations operating in the International Aid and Development sector, delivering high quality vehicles, motorcycles, parts, accessories as well as a number of supporting services such as worldwide logistical support, insurance and financing. Through an extensive network of local dealers and service partners, customers receive quality aftersales services, as well as access to the Group's center of operational excellence located in Johannesburg, South Africa.

MOTOR CARE

Based on international standards and certifications, it is MOTORCARE's value proposition to offer automotive mobility solutions, business-to-business, as well as to individual customers, as close as possible to their area of operation. In addition to highest quality trucks, buses, light commercial and passenger vehicles, tyres, parts and accessories, our customers are provided one-stop, maintenance, service and repair services as well as insurance, financial and fleet management solutions. It is our overall ambition to be the preferred service provider and MOTORCARE therefore has dedicated focus on continuously increasing and improving our product and service portfolio to our valued customers.

HIGHLIGHTS

Following a collapse in commodity prices in 2014, significant devaluation of the Group's core currencies and a significant change in investments away from emerging markets, it was very difficult to predict our performance during 2017.

Oil and commodity prices gradually showed positive signs of recovery in the major mining, construction, oil and gas sectors. They are continuing to gain momentum again however, it is estimated that it will take 2-3 years before the markets returns to their former significant growth rate.

MOTORCARE in Mozambique (one of the Group's key countries of operation) has felt the impact severely. The domestic economy experienced currency devaluation from 34 MZN/USD in January 2015 to 80 in September 2016 and back to 59 in December 2017 leading to a 65% reduction in the automotive market from the 2014 to 2017.

MOTORCARE adjusted rapidly to the market situation by introducing measures to reduce operating costs and capital employed, while at the same time delivering on its core value proposition with continued high customer satisfaction. The International Aid & Development segment was unaffected and performed satisfactorily as per our expectations.

The Group equity totaled DKK 91 million, equal to a ratio of 39% of total assets excluding liquid funds. The equity was affected negatively by exchange rate adjustments of net assets in subsidiaries of DKK 8 million. This was caused by the strengthening of the DKK against the USD in 2017.

The Group's earnings after tax were DKK -6.6 million, whereas the Group generated positive cash flow of DKK 9 million which was used to reduce net bank debt.

In the first quarter of 2018 Mozambique has seen a significant positive start, while the Uganda market continues to have its challenges.

The orders received from the International Aid & Development segment in the first quarter of 2018 are equal to 50% of the full year's budget. Overall market conditions seem to have stabilized and we are cautiously optimistic for a continued improvement in market demand.

Our expectations are to deliver a turnaround and a positive result in EAT for the year 2018.

ADJUSTMENTS MADE TO THE NEW MARKET SITUATION AND **CONTINUED FOCUS** ON THE CORE VALUE PROPOSITION HAS ENSURED A **STRENGTHENED MARKET POSITION**

10
DKK million
OPERATIONAL CASH FLOW

15
DKK million
OPERATING PROFIT

66
DKK million
NET INTEREST BEARING DEBT

STRATEGY

The Group's business strategy is to deliver top quality automotive services in emerging economies; our ambition is to establish ourselves as market leaders in our selected areas of operation.

From 2011 to 2014 major investments were made in our core markets to strengthen the availability of our products and additional services, and hence directly improve the footprint and competitive position of The Group.

The success of our business is determined by a number of key factors including; high quality international brands; the ability to deliver full service solutions within close proximity of our customers' area of operation; a way of management firmly anchored in internationally recognized principles and standards (UN Global Compact, ISO certification); a team of talented and professional employees, who continuously provide innovative solutions.

This combination of key factors assures our customers guaranteed higher return on assets, time and resources to focus on their main activities, which enables them to fulfill their targets.

As a consequence of the change in market conditions from 2015 particularly in Mozambique, business unit strategies were updated and the Group's priorities were shifted. These strategies required all business units to rapidly implement systems in order to improve efficiency, decrease operating costs and capital employed, without losing competitive advantage and customer focus.

In 2017 the Group has identified new market growth opportunities in East Africa and SADC. This will enable a consolidation of operational and logistical activities. In 2018 the Group's service and back office headcount will be justified, in comparison with current business set up.

It is our ambition to deliver a return on invested capital after tax (ROIC) of 12-15%, but with the current stabilization of the market conditions in Uganda and Mozambique, a mid to high single digit level is considered acceptable, provided that new business and markets can be consolidated in 2018.

GROUP 2018 GUIDANCE

Global trade and GDP are still growing, though at different rates, for two of The Group's core markets, Mozambique and Uganda. GDP growth is officially projected at 5-6% in 2018, yet a real impact on the automotive market depends on realization of oil and gas projects in both countries.

The importation of new vehicles to Mozambique in the first quarter of 2018 has shown clear and positive signs of recovery after reaching a 15 year low in 2017. In Uganda, importation of new vehicles is currently at a status quo, and is crucially dependent on a few larger contracts from the Government and the Commercial Sector in order to increase our market share.

MOTORCARE expects a better result in 2018, due to the continued focus on cost optimization, improved utilization of workshop facilities and market growth, particularly in Mozambique.

In 2016-17 (in Europe in particular), the current refugee crisis required significant allocation from foreign aid budgets to facilitate and cover the overall operational costs. This has influenced a diversion of funds from aid projects and activities in Sub-Saharan Africa. We expect this will continue to impact the core customers of KJAER & KJAER, which expects a result on the same level as 2017.

While The Group's guidance for 2018 is subject to some uncertainty, the orders received in the first quarter of 2018 equal 50% of the budgeted vehicles to be sold for the year.

For 2018 the result is expected to improve positively with an estimated EAT of 3-5mDKK. No events have occurred after the balance sheet date (and to date) that influence the evaluation of this annual report.

KEY FIGURES - 5 YEARS

DKK million

Note

Key figures from the consolidated annual report:

		2013	2014	2015	2016	2017
Net turnover		580	532	455	312	316
Gross profit, excluding Other operating income		120	116	94	82	77
Earnings before interests, tax and depreciations	EBITDA	37	32	9	18	15
Earnings before interests and tax	EBIT	27	19	-5	6	2
Net financial items		-8	-8	-9	-6	-8
Earnings before tax	EBT	19	12	-13	0	-6
Tax		-5	-6	5	-1	-1
Minority shareholders' part		2	1	2	1	1
Earnings after tax	EAT	15	7	-7	0	-6
Fixed assets		107	105	111	107	86
Inventories		94	119	105	81	76
Trade receivables		66	85	53	56	50
Other current assets		11	8	9	9	9
Liquid Funds		17	22	27	14	13
Total assets (excluding deferred tax and liquid funds)		**279**	**317**	**279**	**253**	**221**
Current liabilities, excluding bank debt		-43	-54	-59	-80	-74
Capital employed		**235**	**263**	**220**	**173**	**147**
Equity		136	129	99	78	71
Minority interests		21	20	26	23	20
Equity		**157**	**149**	**125**	**100**	**91**
Deferred tax		-1	-6	-8	-2	-10
Interest bearing debt, net		79	121	103	74	66
Financing		**235**	**236**	**220**	**173**	**147**
Balance Sum		**304**	**354**	**319**	**276**	**246**
Dividend for the year		12	2	0	0	0
Dividend for the year (%)		82%	33%	0%	0%	0%
Investments in tangible fixed assets, gross		53	22	12	10	9
Average number of full-time employees		368	403	378	321	288
Ratios:						
Gross margin, excluding other operating income		20,6%	21,9%	20,6%	26,4%	24,4%
EBITDA-margin		6,3%	5,9%	2,0%	5,9%	4,8%
Interest coverage (EBITDA/Financial items)		4,4	4,1	1,1	3,2	2,0
Gearing (Net interest bearing debt/EBITDA)		2,1	3,8	11,3	4,0	4,4
Growth in EBITDA		-24%	-14%	-71%	102%	-18%
Return on invested capital after tax	ROIC	9%	4%	-2%	2%	1%
Return on equity	ROE	11%	4%	-5%	0%	-6%
Equity ratio		55%	45%	43%	38%	39%
Equity value of nom. 1,000 DKK share	DKK	9 765	10 339	7 954	6 364	5 691
Adjust. equity value for share pricing	DKK	8 900	10 200	8 378	6 461	5 644

In the description of accounting policies all key ratios have been defined.

REPORTS

VALUES

To ensure a platform for growth. KJAER GROUP has chosen to adopt a value based approach to Management in order to create a culture of caring and decency combined with independent decision making with the aim of finding and implementing sustainable solutions.

KJAER GROUP aims to solidify our status as a preferred partner to customers with the ambition to deliver top quality automotive services in emerging economies in order to ensure a predictable and sustainable increase in the overall enterprise value.

PROFESSIONALISM
Fact based and competent in everything we do. This is how we conduct our business and how we interact with each other.

RESPECT
Mutual respect between colleagues, partners, customers and other stakeholders we interact with is fundamental for us.

HONESTY
We aim to conduct ourselves and business matters with the utmost honesty in all that we do, ensuring that we are reliable and honor our promises and commitments.

DEDICATION
The success of every customer and partner is the key to our success.

TRIPPLE BOTTOM LINE

ENVIRONMENTAL

- Our entities operate with the lowest possible impact on the environment.
- Ensuring we conduct environmentally-friendly initiatives and projects relevant to our business.

FINANCIAL

- We aim towards sustainable and predictable growth.
- Increased enterprise value.
- Solidify our status as the preferred partner to international customers.
- Developing a sustainable and profitable company for investment ventures.

SOCIAL

- Creating a happy, healthy and safe workplace.
- Providing fair and competitive compensation.

CORPORATE SOCIAL RESPONSIBILITY

To further strengthen that the businesses are developing in a profitable as well as responsible manner, the principles of the "Triple Bottom Line" was introduced in 2008.

The overall objective of these principles are rooted in ensuring that social and environmental goals are pursued in the same manner as financial goals. Based on the Group's vision and values, specific targets and policies were defined for Financial as well as Social and Environmental performance:

Targets and activities for the individual areas have been set and internal follow-up applying the Balanced Scorecard process has been adopted.

External reporting takes place via the affiliation to the UN's principles for sustainability, the UN Global Compact, which the Group endorsed in 2003. The report: Communication on Progress (COP), is available at http://www.unglobalcompact.org or on http://www.kjaergroup.com/media/190593/COP-2017-KJAER-GROUP.pdf

*In accordance with Section 99 b of the Danish Financial Statements Act, reporting on gender diversity in management bodies is included in the COP report.

HSEQ STANDARDS

WHY THIS MATTERS TO KJAER GROUP

A key measure of meeting the "Triple Bottom Line" goals, has been to achieve certification in International Standards within Health and Safety, Environment and Quality.

In 2012 we initiated the implementation of an integrated Health and Safety, Environment and Quality Management System in accordance with international standards OHSAS 18001, ISO 14001 and ISO 9001.

Implementation of the three standards has had a noticeably positive effect on our daily operations, provided for a safer workplace, increased quality management in all departments and ensured our commitment to protecting the environment to the best of our ability.

Maintaining high standards and continuous development within the standards are as important as their implementation. In 2017 we successfully passed the re-certification procedures in all branches. Although HSEQ management system still needs focus and attention it has now become part of our company culture. Initiatives have been implemented in order to maintain and continue to develop the ISO management system within the standards.

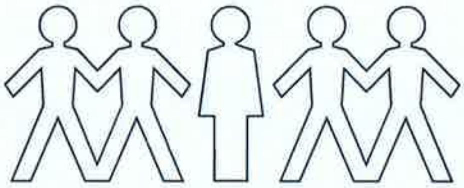
RESULTS

> The integrated HSEQ Management System is now a natural part of our daily operations.

> We successfully passed the re-certification in the three International Standards, OHSAS 18001, ISO 14001 and ISO 9001 (in revised 2015 version).

NEXT STEPS

> Ongoing development and improvement, ensuring continued Certification in all three standards at all branches in Mozambique and Uganda.



ANOTHER SIGNIFICANT ELEMENT OF THE KJAER GROUP WAY OF MANAGEMENT IS A

ZERO TOLERANCE APPROACH TOWARDS CORRUPTION

UNITED AGAINST CORRUPTION

KJAER GROUP has raised awareness regarding corruption through various channels in the past by trying to establish a professional climate of honesty, transparency and accountability in every aspect of the company. A group anti-corruption policy was implemented in 2013 and states the code of conduct for all KJAER GROUP employees. It includes a clear policy regarding payments and gifts, partner assessment, risk evaluation and whistle-blower procedures amongst other items.

In the past three years, KJAER GROUP has been supporting the Anti-corruption-day initiative set out by the UN in order to curb corruption that hinders Millennium Development Goals. This year's campaign "United Against Corruption" was held with local discussions and talks on our business policies and values. Positive feedback was received from employees, partners, customers and local authorities. We believe this will have a long-term positive effect in the environment in which we operate.

By showing how serious and committed everyone at KJAER GROUP is about combatting corruption, we not only perpetuate an internal anti-corruption culture in our company, but also promote customer trust.

OUR PROGRESS

Policy signed by management and introduced to all employees. In 2014 the #breakthechain campaign was rolled out on the UN International Anti-Corruption Day. In 2015 during the UN International Anti-Corruption Day, the "ZERO Tolerance for Corruption" theme was debated across The Group in small teams.

In 2016 the #breakthechain campaign was implemented with use of T-shirts, statements and local discussions. The economic, social and business damage produced by engaging in corrupt acts was discussed and ideas were shared on how to ensure that the core value of honesty in all business transactions are upheld.

The United against corruption campaign in 2017, was marked by the sharing of an Anti-corruption-cake, where we all shared a piece of the Development, Health and Security that is within each society. Globally we discussed and reaffirmed the company policy and values on Anti-corruption.

RESULTS

UN Global Compact annual "Communication On Progress" (COP) report, has become an integrated part of doing business.

RISK MANAGEMENT

KJAER GROUP is working systematically on risk management in order to reduce liabilities and manage the insurances for our entities which are most exposed.

Given The Group's focus on developing countries, we consider exchange rate risks and fluctuations to be of key importance, in addition to ordinarily accepted risks within automotive trade and distribution. The Group's most significant risks in financial terms are our branches in Mozambique and Uganda. Insurance has been taken out against political risks to inventories, with coverage in the event of war or confiscation. African subsidiaries' results and equities are measured in USD.

Significant transaction-based exchange rate risks are being hedged in order to maintain low exposure to commercial exchange rate risks.

CORPORATE GOVERNANCE

KJAER GROUP A/S is the parent company in the KJAER GROUP, which consists of a number of independent legal entities. The principal shareholder, with a 90% shareholding, is "The Way Forward ApS", which is wholly owned by Mr. Mads Kjær.

THE BOARD OF DIRECTORS

In accordance with Article 10 of the articles of association, KJAER GROUP A/S shall be managed by a Board of Directors consisting of 3 to 6 members, who are elected by the General Meeting for a term of one year at a time. The Directors may be re-elected. Today, the Board consists of 3 members. The Board of Directors shall elect its own Chairman and appoint a Management Board. The Board of Directors shall be in charge of the overall management of the Company's affairs and activities. The Management Board (Executive Management) appointed by the Board of Directors shall be in charge of the day-to-day management of the Company. The Board normally meets 5-6 times per year and is otherwise convened when or if deemed necessary by the Chairman.

EXECUTIVE MANAGEMENT

Executive Management functions as the day-to-day management and currently consists of Mads K. Kjaer (CEO) and Richard V. Nijhout (COO).

REMUNERATION OF MANAGEMENT

The remuneration payable to Executive Management is based on what is considered competitive in relation to size, market conditions, activities and is reviewed annually by a Remuneration Committee established by the Board.

INDEPENDENT AUDIT

KJAER GROUP A/S and the Group's annual accounts are audited by a state-authorized audit firm appointed annually at the Annual General Meeting. The current audit firm of KJAER GROUP A/S and the consolidated accounts is Deloitte.

FINANCIAL STATEMENT

PROFIT AND LOSS ACCOUNT

Misstatement previous years

In 2017 an error in Financial expenses was discovered relating to the subsidiary in Uganda. The error has been corrected in last year's numbers. The impact on Profit and Loss was DKK -547 thousands and DKK -1,348 thousands on the equity.

Turnover

In 2017 the Group turnover increased slightly compared to 2016 from DKK 312 million to DKK 316 million as a result of a 23% turnover increase in Aid & Development. The market conditions on the core markets in Mozambique and Uganda remains very challenging and the distribution turnover decreased 10%.

Gross Profit

Gross profit was DKK 78 million, down from DKK 84 million the year before mainly as a result of the overall gross margin down 2%. The main reason behind the lower margin is the composition of customers and product mix.

EBIT

EBIT for the year was realized at DKK 2 million down DKK 4 million from DKK 6 million in 2016.

The Group's overhead costs was reduced by 4% to DKK 63 million from DKK 66 million in 2016 as a result of cost savings initiatives.

Financial Items

Financial items were realized at DKK -8 million up DKK 2 million from 2016 as a result of increased interest level.

Tax

Despite the loss before tax DKK 6 million the years tax expense was DKK 0.6 million as a result of non-taxable costs and VAT/Withholding tax on management fee classified as tax.

Earnings After Tax

The Group's losses after tax totalled DKK 7 million. The result was lower than expected and considered unsatisfactory.

BALANCE SHEET

As of 31st December 2017, KJAER GROUP 's assets totalled DKK 246 million (DKK 276 million).

Assets

Tangible assets totalled DKK 82 million, down DKK 19 million from 2016. The DKK value was impacted by DKK -12 million from the appreciation DKK against USD.

Inventories and trade receivables amounted to DKK 126 million compared to DKK 137 million in 2016. The decrease of DKK 11 million is a result of Initiatives to reduce capital Employed.

Liabilities

The equity totalled DKK 91 million down DKK 9 million compared to 2016 equivalent to a solidity ratio of 39% (38%). Current liabilities amounted to DKK 153 million compared to DKK 168 million in 2016 of which bank debt was DKK 79 million.

CASH FLOW STATEMENT

Earnings before interest, taxes, depreciations and amortization (EBITDA) was DKK 15 million (DKK 18 million) and cash flow from operations DKK 10 million (DKK 46 million).

Cash flow from investments was DKK -4 million (DKK -5 million) and trading of own shares resulted in DKK +3 million cash flow.

The total net cash flow for the year was positive with DKK 9 million (DKK +36 million) reducing net bank debt to DKK 66 million from DKK 74 million in 2016.

"**BUSINESS**
MUST BE FOR A
PROFIT
BUT PROFIT
MUST BE FOR A
PURPOSE

- MADS KJÆR, CEO

STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Management have today considered and approved the annual report of KJAER GROUP A/S for the financial year 1 January 2017 to 31 December 2017.

The annual report is presented 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 December 2017 and of their financial performance as well as the consolidated cash flow for the financial year 1 January 2017 to 31 December 2017.

We believe that the management review contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Svendborg 9 April 2018

Executive Management

Mads Krarup Kjær, CEO

Richard Valentin Nijhout, COO

Board of Directors

Thomas Tolstrup Hansen, Chairman

Mads Krarup Kjær, CEO

Hans-Emil Kjær, Board member

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF KJAER GROUP A/S

OPINION

We have audited the consolidated financial statements and the parent financial statements of Kjaer Group A/S for the financial year 01.01.2017 - 31.12.2017, 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 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 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.

Odense, 9 April 2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Knage Nielsen
State-Authorised Public Accountant
Identification number (MNE) mne 10074

GROUP AND PARENT ACCOUNTS

PROFIT AND LOSS ACCOUNT

1 JANUARY - 31 DECEMBER '17

DKK 1.000
Note

Note			PARENT COMPANY		GROUP	
			2017	**2016**	**2017**	**2016**
1	Net turnover		80 655	76 960	316 424	312 384
2	Other operating income		13 563	22 026	811	1 607
	Cost of goods sold		-75 296	-72 279	-239 261	-229 985
	Gross profit		**18 922**	**26 707**	**77 975**	**84 005**
	Other external expenses		-5 518	-5 320	-28 789	-29 303
3	Staff expenses		-9 810	-11 926	-34 030	-36 251
	Earnings before interests and tax and depreciations	**EBITDA**	**3 594**	**9 461**	**15 156**	**18 451**
4	Depreciations		-3 015	-2 949	-13 447	-12 408
	Earnings before interest and tax	**EBIT**	**579**	**6 512**	**1 709**	**6 042**
5	Share of profit in subsidiaries		-1 592	-1 835	0	0
6	Other financial income		513	302	420	25
6	Financial expenses		-6 296	-4 463	-8 097	-6 388
	Earnings before tax	**EBT**	**-6 796**	**516**	**-5 967**	**-320**
7	Tax on current years profit		1 025	-746	-594	-1 132
8	**EARNINGS AFTER TAX**	**EAT**	**-5 771**	**-230**	**-6 562**	**-1 452**

BALANCE SHEET
as per 31st DECEMBER 2017

DKK 1.000
Note

Note	ASSETS	PARENT COMPANY Dec '17	PARENT COMPANY Dec '16	GROUP Dec '17	GROUP Dec '16
	Software	4 085	5 963	4 085	5 963
9	**Aquired intangible fixed assets**	**4 085**	**5 963**	**4 085**	**5 963**
	Land and Buildings	0	0	64 143	75 189
	Other tools and equipment	1 194	1 902	17 890	25 424
9	**Tangible fixed assets**	**1 194**	**1 902**	**82 033**	**100 613**
5	Investments in subsidiaries	145 014	151 331	0	0
5	Investments in associates	0	0	0	0
12	Deferred tax assets	10 978	8 838	12 219	10 161
	Financial fixed assets	**155 991**	**160 168**	**12 219**	**10 161**
	Total fixed assets	**161 270**	**168 033**	**98 337**	**116 736**
10	**Inventories**	**0**	**1 833**	**75 810**	**81 234**
	Trade receivables	0	441	49 766	55 950
	Receivables on subsidiaries	36 500	49 324	0	0
	Corporation tax receivales	1 755	2 396	5 842	6 202
	Other receivables	422	274	2 743	2 472
	Prepaid expenses	906	296	906	298
	Accounts receivables	**39 583**	**52 730**	**59 257**	**64 922**
	Liquid funds	**3**	**6**	**12 917**	**13 577**
	Total current assets	**39 586**	**54 570**	**147 984**	**159 734**
	TOTAL ASSETS	**200 857**	**222 604**	**246 321**	**276 470**

BALANCE SHEET
as per 31st DECEMBER 2017

DKK 1.000
Note

Note	LIABILITIES	PARENT COMPANY Dec '17	PARENT COMPANY Dec '16	GROUP Dec '17	GROUP Dec '16
11	**Share capital**	**12 435**	**12 435**	**12 435**	**12 435**
	Equity method transfer to net revaluation reserve	19 718	26 036	0	0
	Result carried forward	38 620	39 322	58 338	65 357
	Minority interests	0	0	20 230	22 508
	Dividend for the year	0	0	0	0
	Total equity	**70 773**	**77 793**	**91 003**	**100 300**
12	**Provision for deferred tax**	**514**	**3 109**	**2 198**	**8 383**
	Bank debts	37 984	40 698	79 188	88 054
	Prepayments from customers	0	0	11 764	15 132
	Payable to suppliers	8 870	12 141	36 049	43 263
	Payable to subsidiaries / parent company	65 538	83 452	1 887	3 856
	Corporation tax payable	0	0	832	687
	Other accounts payable	17 178	5 412	23 402	16 795
	Total current liabilities	**129 570**	**141 703**	**153 121**	**167 787**
	TOTAL LIABILITIES	**200 857**	**222 604**	**246 321**	**276 470**

13 Change in working capital
14 Pawnings
15 Leasing commitments
16 Contingent liabilities
17 **Related parties**
18 Fee for auditors elected by the general meeting

STATEMENT OF CHANGES IN EQUITY

DKK 1.000
Note

PARENT COMPANY	Share capital	Equity method transfer to net revaluation reserve	Result carried forward	Total equity
Balance 31st December 2015	**12 435**	**38 580**	**47 896**	**98 911**
Misstatements previous years	0	-801	0	-801
Sale and purchase of own shares	0	0	-6 023	-6 023
Exchange rate adjustments of investments in subs.	0	-17 595	-236	-17 830
Change in unrealised hedging	0	3 790	-23	3 766
Proposed distribution of current years profit	0	2 062	-2 292	-230
Balance 31st December 2016	**12 435**	**26 036**	**39 322**	**77 793**
Sale and purchase of own shares	0	0	3 450	3 450
Exchange rate adjustments of investments in subs.	0	-6 823	0	-6 823
Change in unrealised hedging	0	2 080	44	2 124
Proposed distribution of current years profit	0	-1 575	-4 196	-5 771
Balance 31st December 2017	**12 435**	**19 718**	**38 620**	**70 773**

GROUP	Share capital	Minority Interest	Result carried forward	Total equity
Balance 31st December 2015	**12 435**	**25 937**	**86 473**	**124 845**
Misstatement previous years	0	0	-801	-801
Sale and purchase of own shares	0	0	-6 023	-6 023
Exchange rate adjustm. of Net assets in subssidiaries	0	-2 205	-17 830	-20 035
Change in unrealised hedging	0	0	3 766	3 766
Proposed distribution of profit	0	-1 222	-230	-1 452
Balance 31st December 2016	**12 435**	**22 508**	**65 357**	**100 300**
Sale and purchase of own shares	0	0	3 450	3 450
Exchange rate adjustm. of Net assets in subssidiaries	0	-1 487	-6 823	-8 310
Change in unrealised hedging	0	0	2 124	2 124
Proposed distribution of profit	0	-791	-5 771	-6 562
Balance 31st December 2017	**12 435**	**20 230**	**58 338**	**91 003**

CASH FLOW STATEMENT

DKK 1.000
Note

Note			GROUP 2017	GROUP 2016
	Earnings before interests and tax and depreciations	EBITDA	15 156	18 451
	Adjustments for other non-cash items		3 278	-7 362
13	Change in working capital		4 785	43 507
	Financial items		-7 676	-5 816
	Taxes paid		-5 794	-2 403
	Cash flow from operations		**9 749**	**46 377**
	Investments in tangible assets		-8 909	-10 049
	Sale of tangible assets		4 616	5 446
	Cash flow from investments		**-4 293**	**-4 602**
	Sale and purchase of own shares		3 450	-6 023
	Cash flow from financial items		**3 450**	**-6 023**
	Cash flow of year, net		**8 906**	**35 752**
	Liquid funds, beginning of the year		-74 477	-103 222
	Exchange adjustments of liquid funds		-699	-7 007
	Liquid funds, end of the year		**-66 271**	**-74 477**
	Specified as follows:			
	Liquid funds		12 917	13 577
	Bank debts		-79 188	-88 054
	Liquid funds, end of the year		**-66 271**	**-74 477**

NOTES TO THE ANNUAL REPORT

DKK 1.000
Note

Note		PARENT COMPANY 2017	PARENT COMPANY 2016	GROUP 2017	GROUP 2016
1	**Net turnover**				
	Net turnover by activities				
	International Aid & Development	0	0	130 586	106 468
	Distribution	80 655	76 960	185 838	205 916
		80 655	**76 960**	**316 424**	**312 384**
	Net turnover by regions				
	Africa	80 655	76 960	304 937	297 891
	Europe	0	0	737	695
	North America	0	0	178	744
	Asia & Middle East	0	0	10 572	13 054
		80 655	**76 960**	**316 424**	**312 384**
2	**Other operating income**				
	Management fees from subsidiaries	13 563	22 026	120	398
	Commission income, refund and compensation etc.	0	0	691	1 209
		13 563	**22 026**	**811**	**1 607**
3	**Staff expenses**				
	Salaries and executive management	4 376	4 676	5 857	4,676
	Board of Directors fees	826	766	826	766
	Salaries and wages other employees	3 997	5 899	26 119	29 623
	Pensions	328	318	823	762
	Other staff expenses	283	267	404	424
		9 810	**11 926**	**34 030**	**36 251**
	Average number of full-time employees	12	12	288	321
4	**Depreciations**				
	Software	2 250	2 169	2 250	2 169
	Buildings	0	0	4 015	4 199
	Other tools and equipment	635	780	7 262	6 629
	Loss/profit, sale of tangible assets	130	0	-80	-588
		3 015	**2 949**	**13 447**	**12 408**

NOTES TO THE ANNUAL REPORT

DKK 1.000
Note

Note		PARENT COMPANY Investment in associates	PARENT COMPANY Investment in subsidiaries
5	**Financial fixed assets**		
	Purchase value:		
	At the beginning of the year	1 604	125 295
	End of the year	**1 604**	**125 295**
	Revaluations:		
	At the beginning of the year	-1 604	27 383
	Misstatement previous years	0	-1 348
	Exchange rate adjustment	0	-6 823
	Change in unrealised hedging	0	2 080
	Share of result	0	-1 592
	Change in internal profit on inventories	0	18
	End of the year	**-1 604**	**19 718**
	Book value end of the year	**0**	**145 014**

Investments in subsidiaries and associates

Enterprises includes ownership of shares in following subsidiaries, which are valued at equity value and all included in the Group consolidated accounts:

Name / Subsidiaries	**Address**	**Land / country**	**Ownership ***
Kjaer & Kjaer A/S	Grønnemosevej 6, 5700 Svendborg	Denmark	100%
Auto Kjaer A/S	Grønnemosevej 6, 5700 Svendborg	Denmark	100%
Motorcare Services Holding A/S	Grønnemosevej 6, 5700 Svendborg	Denmark	67%
Kjaer Group (Pty) Ltd.	Hampton Office Park, 20 Georgian Crescent, Bryanston	South Africa	100%
Motorcare Lda.	Rua Kanwalanga 141, Maputo	Mozambique	100%
Motorcare Services Lda.	Rua de França, Parcela 3, Bairro de Carrupeia, Nampula	Mozambique	67%
Motorcare Mozambique Lda.	Rua Kanwalanga 141, Maputo	Mozambique	100%
Motorcare Uganda Ltd.	Jinja Road 95, Kampala	Uganda	100%
Motorcare Serivces Uganda Ltd.	Buhinga Bujumbura Division, Hoima	Uganda	67%
Motorcare (SL) Ltd	58C Lightfoot Boston Road, Freetown	Sierra Leone	100%
Associates			
MyC4 A/S	Sankt Annæ Plads 19 2 th, 1250 København K	Denmark	4%

** For shares in subsidaries were the ownership deviates from the voting rights, the voting rights are presented.*

DKK 1.000
Note

Note		PARENT COMPANY 2017	PARENT COMPANY 2016
6	**Financial income/expenses from inter company accounts**		
	Financial income from subsidiaries	513	302
	Financial expenses to subsidiaries	-3 454	-2 340

Note		PARENT COMPANY 2017	PARENT COMPANY 2016	GROUP 2017	GROUP 2016
7	**Tax on current years profit**				
	Tax payable on the year's estimated tax assessment	528	310	-1 375	-2 666
	Withholding taxes	-535	-227	-660	-670
	The year's change in deferred tax	1 032	-829	1 468	2 178
	Adjustments previous years	0	0	-27	27
		1 025	**-746**	**-594**	**-1 132**
8	**Proposed distribution of profit**				
	Equity method transfer to net revaluation reserve	-1 575	2 062	0	0
	Minority interest	0	0	-791	-1 222
	Result carried forward	-4 196	-2 292	-5 771	-230
		-5 771	**-230**	**-6 562**	**-1 452**

NOTES TO THE ANNUAL REPORT

DKK 1.000
Note

	Software	Land and buildings	Other tools and equipment
	PARENT COMPANY		
9 Tangible & acquired intangible fixed assets continued			
Purchase value:			
At the beginning of the year	11 222	0	6 194
Additions	372		812
Disposals	0		-1 910
End of the year	**11 594**	**0**	**5 096**
Accumulated depreciations and impairment losses:			
At the beginning of the year	-5 259	0	-4 292
Depreciations of the year	-2 250		-635
Depreciated on sold assets	0		1 025
End of the year	**-7 509**	**0**	**-3 902**
Book value end of the year	**4 085**	**0**	**1 194**

	Software	Land and buildings	Other tools and equipment
	GROUP		
Purchase value:			
At the beginning of the year	11 222	116 716	65 486
Exchange rate adjustments	0	-14 052	-6 852
Additions	372	1 832	6 705
Disposals	0	-25	-6 915
End of the year	**11 594**	**104 471**	**58 424**
Accumulated depreciations and iimpairment losses:			
At the beginning of the year	-5 259	-41 527	-40 062
Exchange rate adjustments	0	5 000	4 051
Depreciations of the year	-2 250	-3 801	-6 927
Depreciated on sold assets	0	0	2 404
End of the year	**-7 509**	**-40 328**	**-40 534**
Book value end of the year	**4 085**	**64 143**	**17 890**

DKK 1.000
Note

Note		PARENT COMPANY 2017	PARENT COMPANY 2016	GROUP 2017	GROUP 2016
10	**Inventories**				
	Manufactured goods and goods for resale	0	1 371	75 810	80 067
	Prepayments for goods	0	462	0	1 167
		0	**1 833**	**75 810**	**81 234**

Note		Share Capital
11	**Share capital**	
	Last 5 years changes in share capital:	
	Share capital January 1 2012	13 973
	Capital reduction 2014	-1 538
		12 435
	The share capital at end of year is split in:	
	A shares	5 000
	B shares	7 435
		12 435

Treasury shares (B shares)	Nominal Value	% of Share Capital
At the beginning of the year		
At the beginning of the year	796	6,4%
Disposals	-534	-4,3%
End of the year	**262**	**2,1%**

Purchase of own share is implemented according to previously agreed incentive programs

NOTES TO THE ANNUAL REPORT

DKK 1.000
Note

Note		PARENT COMPANY		GROUP	
		Dec '17	Dec '16	Dec '17	Dec '16
12	**Deferred tax**				
	Opening	-5 729	-4 571	-1 777	-8 069
	Exchange rate adjustment	3	-2	-1 970	3 813
	Withholding taxes	-2 512	-1 435	-2 512	1 435
	Transferred to/from corporation tax	-1 194	-550	-1 368	3 253
	Accounted for in Profit and Loss	-1 032	829	-1 468	-2 178
	Accounted for on Equity	0	0	-925	2 838
		-10 464	**-5 729**	**-10 021**	**-1 777**
	Tangible fixed assets	-5 236	-3 049	6 229	13 557
	Financial fixed assets	183	3 110	-2 724	-4 748
	Inventories	-364	-412	-2 032	285
	Accounts receivables	0	0	-1 254	-979
	Other provisions	0	-2	380	-242
	Tax loss carry forward	-5 047	-5 377	-10 620	-9 650
		-10 464	**-5 729**	**-10 021**	**-1 777**
	Reported as:				
	Deferred tax assets	10 978	8 838	12 219	10 161
	Provision for deferred tax	514	3 109	2 198	8 383
		-10 464	**-5 729**	**-10 021**	**-1 777**
	Tax loss carry forward not included	3 999	3 999	3 999	3 999
	Withholding tax on result carried forward, not declared	844	813	844	813

1) Withholding tax payable on not declared result carried forward in the companies in Mozambique. Management do not expect declaration of dividend in the forseeable future.

Note		GROUP	
		2017	2016
13	**Change in working capital**		
	Change in current assets:		
	Inventories	5 425	24 261
	Trade receivable	6 184	-3 028
	Prepaid expenses	-608	781
	Other various outstandings	-270	2 534
	Change in short-term debt:		
	Prepayments from customers	-3 369	3 766
	Payable to subsidiaries	-1 969	-3 733
	Payable to suppliers	-7 214	23 306
	Other accounts payable	6 607	-4 380
	Change in working capital	**4 785**	**43 507**

DKK 1.000
Note

		Registered deed	Actual liability	Booked value of Assets
14	**Pawnings**			
	MOTORCARE Uganda Ltd.:			
	In security for bank lines in MOTORCARE Uganda Ltd. a Letter of mortgage has been issued in the company's premises on Plot 95, Jinja Road, Kampala.	7 607	8 564	2 167
	For same bank debt the company has issued letter of debenture in all Fixed and floating assets belonging to the company.	8 073	8 564	32 006
	KJAER & KJAER A/S			
	Inventories are under retention of title from supplier.		17 526	9 631

		PARENT COMPANY		GROUP	
		Dec '17	**Dec '16**	**Dec '17**	**Dec '16**
15	**Lease commitments**				
	Operating lease contracts on company cars have been concluded for the years 2016 to 2018.	0	0	184	289
16	**Contingent liabilities**				
	Rental contacts for premises have been concluded for the years 2016 to 2023.	6 027	7 926	6 674	8 513

Parent company
The company has committed to repurchase 3.4% own shares from employees at Equity value.
The Company participates in a Danish joint taxation arrangement in which The Way Forward ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The liability, however, does not exceed an amount equalling the share of capital held by the Company, which is owned directly or indirectly by the ultimate parent.

	Actual debt	Maximum liability
The parent company has guaranteed for bank debt in the subsidiaries KJAER & KJAER A/S and AUTO KJAER A/S	32 607	40 000
The parent company has guaranteed financial Letter of Guarantees issued in security for liabilities in the subsidiaries KJAER & KJAER A/S and AUTO KJAER A/S	1 854	50 000
On the basis of joint VAT registration the company is liable for VAT debt in KJAER & KJAER A/S.	0	unlimited
The parent company has issued guarantee for debt to suppliers in KJAER & KJAER A/S	21 873	43 470

NOTES TO THE ANNUAL REPORT

DKK 1.000
Note

17 The following are considered related parties with controlling influence on KJAER GROUP A/S:

Related party:	**Basis for control:**
The Way Forward ApS, Sankt Annæ Plads 19 2 th	90% share ownership
1250 København K	Exercise of management
The company's Management and Board	

The Way Forward ApS is 100% owned by Mads Kjær personally. The company is, besides to be the principle shareholder in KJAER GROUP A/S, a private investment company applied for Mads Kjær's non-automotive activities. There are no liabilities or significant intercompany debt between The Way Forward ApS and Kjaer Group A/S or its subsidiaries.

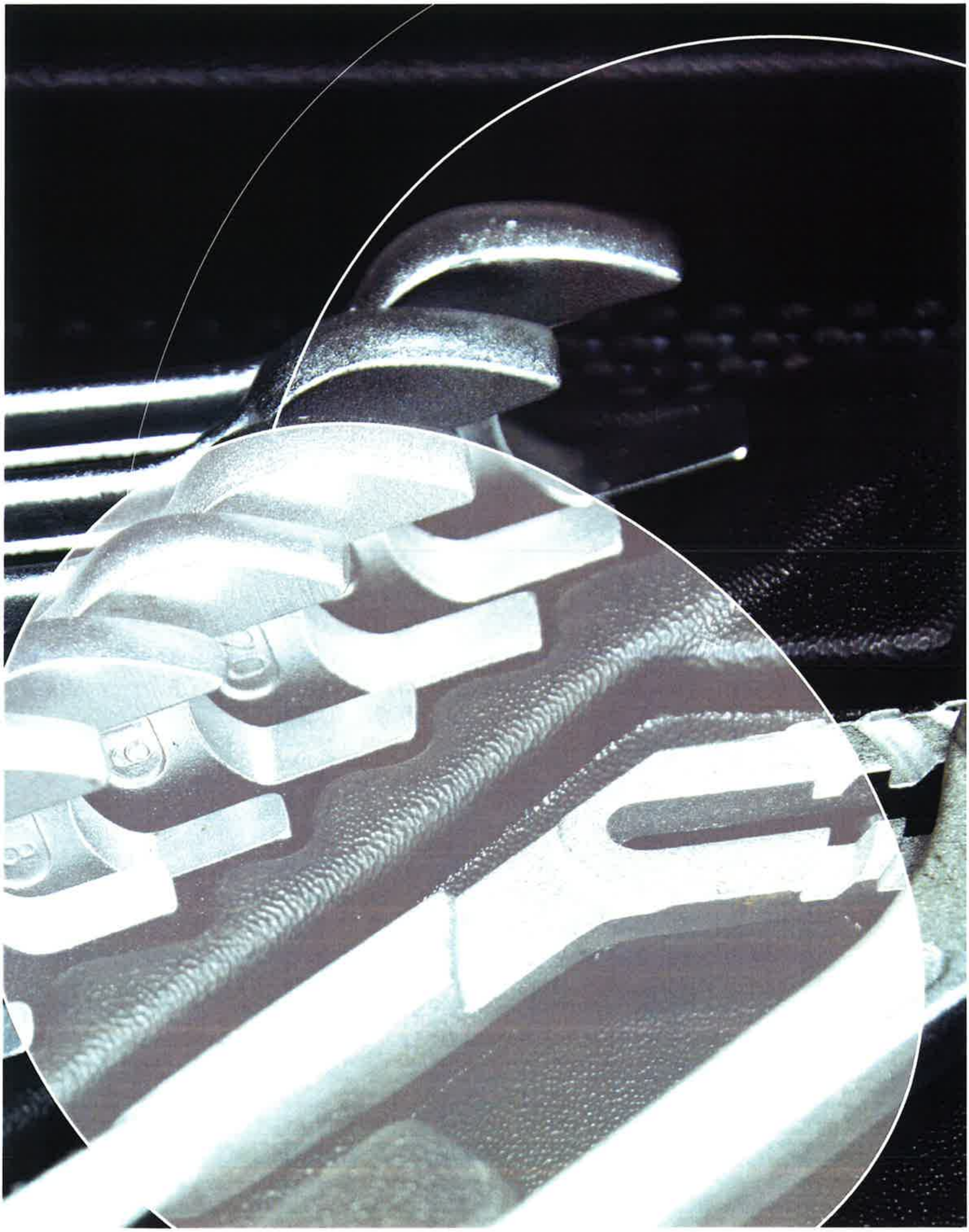
KJAER GROUP A/S owns treasury shares equal to 6.4% of the share capital. The other shares are owned by employees. No other shareholders own more than 5% of the share capital or voting rights.

Remuneration to Management and Board of Directors is disclosed in note number 3.

KJAER GROUP A/S and its subsidiaries are consolidated into the Group accounts for The Way Forward ApS, Svendborg.

	GROUP	
	2017	**2016**
18 Fee for auditor elected by the general meeting		
Fee for auditor elected by the General Meeting		
Fees to auditors:		
Audit	957	1 126
Tax advice	8	122
Other fees	50	42
	1 015	**1 290**

Deloitte is elected as auditor in the entire group.



ACCOUNTING POLICIES

The annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C large enterprises and generally accepted accounting principles.

The accounting policies applied for the financial statements are consistent with those applied last year.

During 2017 a misstatement on previous years was discovered relating to interest expenses in the subsidiary in Uganda. The error is relating to interests on witholding taxes. The error total DKK 1,348 thousands has been corrected with DKK -547 thousands in last years numbers in the profit and loss and DKK -801 thousands on equity.

Recognition and measurement
Assets are recognized in the balance sheet when it is likely as a result of a prior event that future economic benefits will flow to the company and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when the company has a legal or constructive obligation as a result of a prior event, and it is likely that future economic benefits will flow out of the company and the value of the liabilities can be measured reliably.

On initial recognition assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each item.

Anticipated risks and losses that arise prior to the presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognized in the Profit and loss account when earned, whereas costs are recognized by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recorded in the income statement as financial income or financial expenses.

Foreign currency translation
On initial recognition foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies, that have not been settled at the balance sheet date, are translated using the exchange rate at the balance sheet date. Exchange rate differences arising between the rate at the transaction date and the rate at the payment date or the balance sheet date, are recognized in the income statement. Fixed assets purchased in foreign currencies are translated using historical rates. Accordingly, inventories are measured at the ruling rate of exchange at date of purchase.

On recognition of independent foreign subsidiaries, the income statements of such enterprises are translated using the year's average rates of exchange. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange differences arising out of the translation of foreign subsidiaries' equity to the exchange rates at the balance sheet date are recognized directly on equity.

Derivative financial instruments
On initial recognition in the balance sheet derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognized under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging of a recognized asset or liability are recorded in the Profit and loss account together with changes in the value of the assets or the liabilities hedged.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are entered in the balance sheet and recognized directly on the equity.

Changes in the fair value of derivative financial instruments, which serves the purpose of hedging net investments in independent foreign subsidiaries or associates are recognized directly on the Equity.

Consolidated Annual Report

The consolidated annual report comprises the parent company and Group enterprises controlled by the parent.

Consolidation

The consolidated financial statements have been prepared on the basis of the financial statements of the subsidiaries and the parent by combining uniform items and eliminating shares of profit in subsidiaries, intragroup accounts and intra - group interest and profit.

For all main items the accounting policies are similar for all enterprises in the Group. Items from subsidiaries are recognized in full in the consolidated financial statements.

The Profit and loss account is thus an expression of the overall operating activities of the group as an aggregate financial entity just as the status of the group provides a general overview of the assets and liabilities of the enterprises of the Group. In the annual report of the parent, assets and investments in subsidiaries are measured at equity value plus goodwill paid. The parent company equity is thus equal to the equity of The Group.

Newly acquired enterprises

The purchase method is applied in the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date.

Allowance is made for the tax effect of the restatements. Positive/negative differences in amount (goodwill/badwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognized under intangible assets/prereceived income, and they are amortized systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding up, inclusive of nonamortized goodwill and estimated divestment or winding up expenses.

Profit or losses by divestment or winding up of subsidiaries are accounted for in the Profit and loss respectively under Other income or Other expenses.

PROFIT AND LOSS ACCOUNT

Turnover

Revenue from the sale of manufactured goods and goods for resale is recognized in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognized net of VAT and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprise income of a secondary nature as viewed in relation to the Company's primary activities, including material exceptional gains from the sale of intangible assets and property, plant and equipment, subsidies, rental income, licence income, etc.

Cost of goods sold

Cost of goods sold comprises direct and indirect costs incurred to earn revenue, including depreciation and maintenance of lease cars as well as realised and unrealized capital gains and losses on payables and transactions in foreign currencies.

Other external expenses

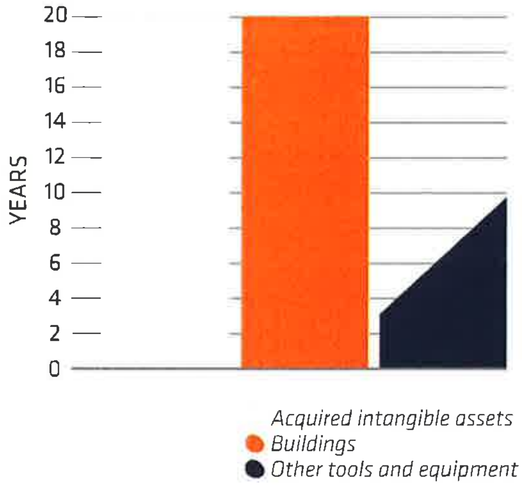
Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Staff expenses

Staff costs comprise salaries and wages as well as social security costs, pension contributions, etc. for the Company's staff.

Depreciations

Depreciation of acquired intangible assets, premises, plant and equipment with a limited useful life is carried out straight-line on the basis of the expected economic and technical lives of these assets which are generally determined as follows:



Financial income and expenses

These items comprise interest income and expenses as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the Profit and loss account by the portion attributable to the profit/loss for the year.

In the event that items recognized directly on equity result in changes to the tax liabilities of the company, the impact of such changes is set off when the entry is made on the equity.

The current tax payable or receivable is recognized in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is recognized and measured by applying the liability method on all temporary differences between the carrying amount and tax based value of assets and liabilities. The tax value of the assets is calculated based on the planned use of each asset.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognized in the income statement.

Deferred tax assets, including the tax value of carrying forward tax losses, are recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets.

The Company is jointly taxed with all of its wholly owned Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed Danish companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

THE BALANCE SHEET

Tangible and acquired intangible fixed assets.

Fixed assets with limited service time are entered at cost less depreciations. Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

Financing costs are recognized in the income statement.

In the event that the recoverable amount is lower than the carrying amount, the asset in question is written down.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale.

Profits or losses are recognized in the income statement as an adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognized and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unrealized intra - group profits or losses.

The Company's share of the enterprises' profits or losses after elimination of unrealized intra-group profits and losses is recognized in the income statement.

Subsidiaries and associates with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Company's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognized under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in subsidiaries and associates is transferred to reserve for net revaluation according to the equity method under equity. Investments in subsidiaries and associates are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories consist of cars, motorcycles and spare parts, including cars on lease contracts. Inventories are measured at the lower of cost using the FIFO method and net realizable value. Financing costs are not included in cost.

Cars on lease contracts are measured at cost less accumulated depreciation and write-downs.

The net realizable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortized cost, usually equalling nominal value less provisions for bad debts.

Equity

Dividends are recognized as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item under equity.

Lease commitments

Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

Financial liabilities

Financial liabilities are recognized at amortized cost, which usually corresponds to nominal value.

The Cash Flow Statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the company's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investment transactions comprises the purchase and sale of property, plant and equipment.

Cash flows from financing activities comprise raising and instalment on long-term debt and payment of dividend.

Cash and cash equivalents comprise cash and securities with insignificant price risk less short-term bank debt.

Segment Information

Disclosures are provided on business activities as the primary segment. The segmental disclosures comply with the group's accounting policies and internal financial management.

DEFINITIONS

EBITDA
Earnings before depreciations, interests, tax and minority interests

EBIT
Earnings before interests, tax and minority interests

NOPLAT
EBIT - tax on EBIT adjusted for non-cash element of withholding taxes

Capital employed
Total assets – payable to suppliers and other current liabilities

Net interest bearing debt
Interest bearing liabilities + debt to credit institutions - liquid funds

Gross margin
Gross profit * 100 / Net Turnover

EBITDA margin
EBITDA * 100 / Net Turnover

Interest coverage
EBITDA * 100 / Financial income and expenses, net

Gearing
Net interest bearing debt * 100 / EBITDA

Growth in EBITDA
Growth in EBITDA * 100 / EBITDA 2013

Return on capital employed (ROIC)
NOPLAT * 100 / Average capital employed

Return on equity
Earnings after tax * 100 / Average equity

Equity ratio
Total equity * 100 / Total assets excluding liquid funds

Equity value of nom. 1000 DKK shares
Total Equity excl. minority interests / number of shares

Adjust. Equity value for share pricing
Total equity excl. minority interests - Dividends and unreal. exch. adj. in Equity /Number of shares

COMPANY DETAILS

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Mads Krarup Kjær, CEO
Hans-Emil Kjær, Board member

Executive Management
Mads Krarup Kjær, CEO
Richard Valentin Nijhout, COO

Revision / Auditors
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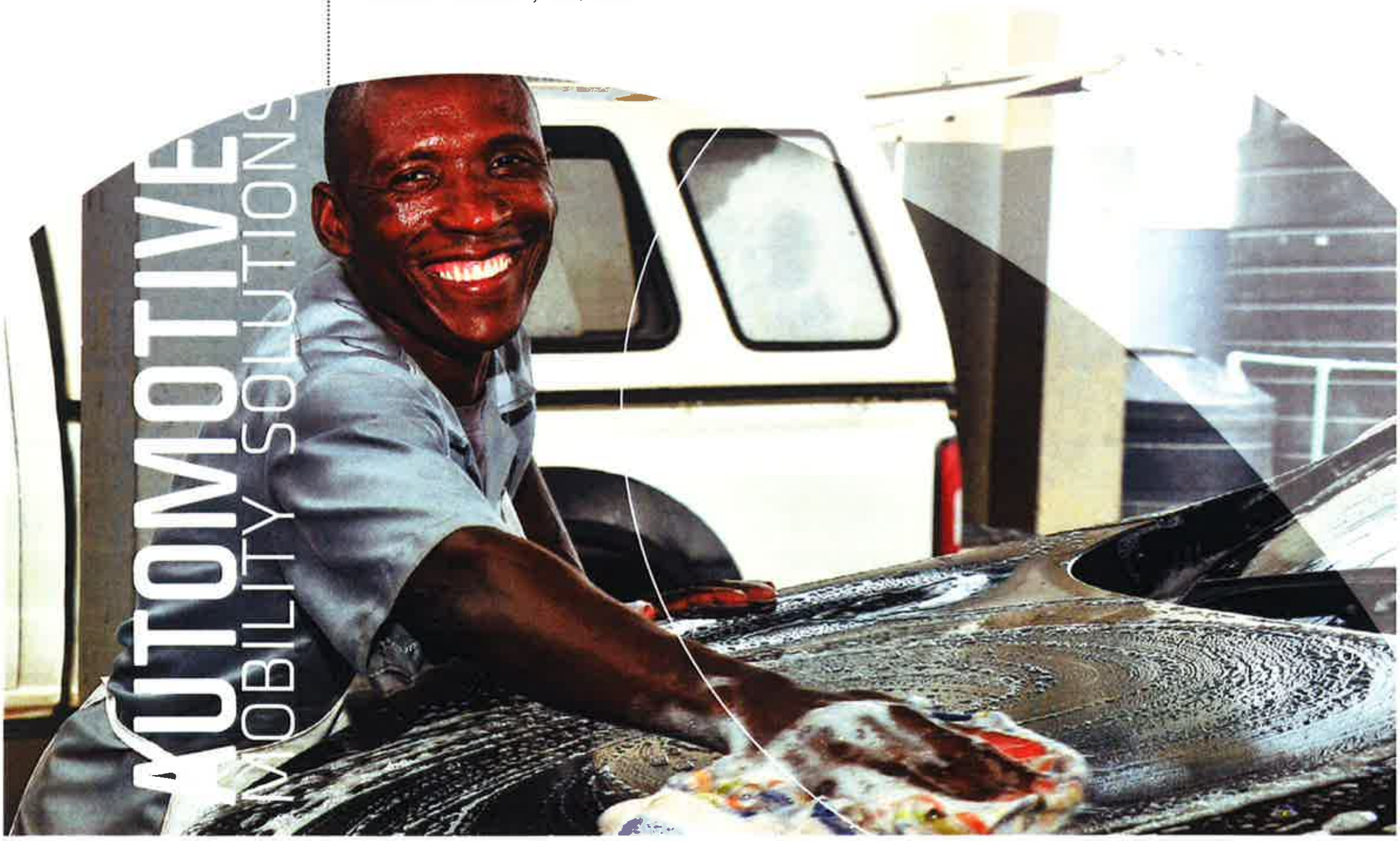
Annual General Meeting
To be held on May 8th 2018 at 10:00 am
at the company's address in Svendborg.

Presented and adopted at the general meeting:
Chairman



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