

Bosal Danmark ApS

Farverland 6, 2600 Glostrup

CVR no. 81 78 93 12

Annual report 2017

Approved at the Company's annual general meeting on 9 July 2018

Chairman:





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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Bosal Danmark ApS for the financial year 1 January - 31 December 2017.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

However, we have become aware of unusual matters that have affected the financial statements, and we refer to the comments under the management review.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Glostrup, 9 July 2018
Executive Board:



Ingo Linka

Board of Directors:

.....
Louis Antoine Maria
Vernaus
Chairman

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Glostrup, 9 July 2018
Executive Board:

.....
Ingo Linka

Board of Directors:

.....
Louis Antoine Maria
Vernaus
Chairman

Independent auditor's report

To the shareholders of Bosal Danmark ApS

Disclaimer of opinion

We have been appointed to audit the financial statements of Bosal Danmark ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

We do not express any audit opinion on the financial statements. Because of the significance of the matter described in the "Basis for disclaimer of opinion" section, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an opinion.

Basis for disclaimer of opinion

The Company's bookkeeping records and other underlying documentation of the Company's financial statements are incomplete and erroneous in relation to trade receivables, customer bonus (recognised as part of other payables) and the income statement in general. As of the date of our auditor's report, Management had still not managed to rectify the bookkeeping deficiencies and correct the errors. We have not otherwise been able to obtain sufficient and appropriate audit evidence as to receivables of DKK 3,593 thousand, other payables of DKK 6,645 thousand and total income statement in general and possible misstatements including reclassification misstatements. As a result of these matters, we have not been able to determine whether any adjustments may be considered necessary in relation to trade receivables, other payables and the potential effect thereof on the income statement or the income statement in general and statement of changes in equity.

Further, we have not been able to obtain sufficient and appropriate audit evidence regarding the valuation of inventory and intercompany receivables at 31 December 2017. The inventory and intercompany receivables has been recognised at DKK 2,922 thousand and DKK 3,246 thousand respectively in the balance sheet. We have not been able to obtain sufficient and appropriate audit evidence about the carrying amount of the inventory and intercompany receivables at 31 December 2017. Consequently, we have not been able to determine whether any adjustments to these amounts are necessary.

We have not been provided with Management's assessment of the Company's ability to continue as a going concern. Accordingly, we are unable to evaluate whether Management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark and to issue an audit opinion.

However, because of the matter described in the "Basis for disclaimer of opinion" paragraph, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an opinion on the financial statements.

Independent auditor's report

As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

As appears from the "Basis for disclaimer of opinion" paragraph above, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an opinion on the financial statements. Accordingly, we make no statement on the Management's review.

Report on other legal and regulatory requirements

Non-compliance with the Danish Bookkeeping Act

In our opinion, the Company has not complied with the Danish Bookkeeping Act requirements that bookkeeping procedures must be planned and performed in accordance with good bookkeeping practice and in consideration of the nature and size of the entity.

The Company's Management may incur liability for non-compliance with the Danish Bookkeeping Act.

Non-compliance with the Danish Companies Act

The Company has not complied with the requirements of the Danish Companies Act regarding registration in the Danish Business Authority's register of beneficial owners of the Company.

We have not received documentation for the Board of Directors' opinion on the prudence of the intercompany loans at the time of the loans.

Management may incur liability in these respects.

Copenhagen, 9 July 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Lissen Fagerlin Hammer
State Authorised Public Accountant
MNE no.: mne27747



Management's review

Company details

Name	Bosal Danmark ApS
Address, Postal code, City	Farverland 6, 2600 Glostrup
CVR no.	81 78 93 12
Established	8 July 1977
Registered office	Sorø
Financial year	1 January - 31 December
Board of Directors	Louis Antoine Maria Vernaus, Chairman
Executive Board	Ingo Linka
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea

Management's review

Business review

The Company's purpose is to trade aftermarket car parts including exhaust systems, etc.

Unusual matters having affected the financial statements

The Company has moved its accounting department to a third party. The transfer of the activities did not go as expected.

In addition to this, the Company's sale of its ACPS division has led to the departure of the Head of Finance of the Company, resulting in an insufficient transfer of work and that the documentation required by the auditor was not delivered in time. Management was only very recently informed about the aforementioned status of its financial administration. Such a situation has not previously occurred at the Company and will remain a one-time event.

In order to guarantee the appropriateness of the various elements of the financial statements going forward, remedial action will be started immediately and is expected to be completed as quickly as possible.

Attention will be paid to the existence, completeness, classification and valuation of, but not limited to, inventory, accounts receivable, accounts payable and customer bonus. The Company is a going concern, and the going concern basis should be applied for accounting purposes.

Qualified staff will be added to the Company's finance team to improve the control environment and ensure the accuracy and completeness of the financial figures.

Financial review

The income statement for 2017 shows a loss of DKK 82 thousand against a loss of DKK 81 thousand last year, and the balance sheet at 31 December 2017 shows equity of DKK 6,595 thousand. Management considers the Company's financial performance in the year satisfactory.

In 2017, the Company reported a gross margin of DKK 8,677 thousand against DKK 11,080 thousand last year. The income statement for 2017 shows a loss of DKK 82 thousand against DKK 81 thousand last year. The decrease in sales, and thus the gross margin, is due to the sales of the ACPS (towbar) division to Towerbrook Capital Partners. Due to lower cost levels, the Company was able to keep the loss under control.

Events after the balance sheet date

On 30 April 2018, Bosal sold its ACPS (towbar) division to Towerbrook Capital Partners.

Outlook

Bosal will evaluate whether the Company can exercise sufficient market power with its exhaust business only in the Danish market. Further plans will be elaborated.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2017	2016
	Gross margin	8,677,193	11,079,762
10.2	Distribution costs	-5,595,155	-7,427,570
10.2	Administrative expenses	-3,133,937	-3,790,647
	Operating profit/loss	-51,899	-138,455
3	Financial income	500	84,908
4	Financial expenses	-30,330	-27,368
	Profit/loss before tax	-81,729	-80,915
	Tax for the year	0	0
	Profit/loss for the year	-81,729	-80,915
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-81,729	-80,915
		-81,729	-80,915

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2017</u>	<u>2016</u>
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	31,226	72,369
		<u>31,226</u>	<u>72,369</u>
6	Investments		
	Other receivables	584,700	588,141
		<u>584,700</u>	<u>588,141</u>
	Total fixed assets	<u>615,926</u>	<u>660,510</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	2,922,147	4,003,686
		<u>2,922,147</u>	<u>4,003,686</u>
	Receivables		
	Trade receivables	3,592,503	2,118,941
	Receivables from group entities	3,245,789	4,216,478
	Prepayments	49,180	163,507
		<u>6,887,472</u>	<u>6,498,926</u>
	Cash	<u>3,778,851</u>	<u>3,985,921</u>
	Total non-fixed assets	<u>13,588,470</u>	<u>14,488,533</u>
	TOTAL ASSETS	<u>14,204,396</u>	<u>15,149,043</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2017</u>	<u>2016</u>
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	600,000	600,000
	Retained earnings	<u>5,995,746</u>	<u>6,077,475</u>
	Total equity	<u>6,595,746</u>	<u>6,677,475</u>
	Liabilities other than provisions		
8	Non-current liabilities other than provisions		
	Other payables	<u>0</u>	<u>1,487,861</u>
		<u>0</u>	<u>1,487,861</u>
	Current liabilities other than provisions		
	Trade payables	694,592	658,437
	Payables to group entities	269,411	335,795
	Other payables	<u>6,644,647</u>	<u>5,989,475</u>
		<u>7,608,650</u>	<u>6,983,707</u>
	Total liabilities other than provisions	<u>7,608,650</u>	<u>8,471,568</u>
	TOTAL EQUITY AND LIABILITIES	<u>14,204,396</u>	<u>15,149,043</u>

- 1 Accounting policies
- 11 Contractual obligations and contingencies, etc.
- 12 Collateral
- 13 Related parties

Financial statements 1 January - 31 December**Statement of changes in equity**

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2017	600,000	6,077,475	6,677,475
Transfer through appropriation of loss	0	-81,729	-81,729
Equity at 31 December 2017	<u>600,000</u>	<u>5,995,746</u>	<u>6,595,746</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Bosal Danmark ApS for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Changes in accounting policies

The Company has changed the presentation of accrued customer bonuses from trade payables to other payables. The change of presentation has been made to both the current year financial statements and the comparatives. The changed presentation has no impact on the income statement or the equity. Apart from the above changes the accounting policies are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

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

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties.

Gross margin

In the income statement, revenue, production expenses and other operating income have been aggregated into one item called 'gross margin', cf. section 32 of the Danish Financial Statements Act.

Distribution costs

Distribution expenses include expenses relating to sale and distribution in the year, including expenses relating to sales staff, advertising, exhibitions and amortisation/depreciation of assets that are related to sale and distribution of the Company's products.

Administrative expenses

Administrative expenses include expenses incurred in the year for purposes of managing and administering the Company, including expenses relating to administrative staff, management, office premises/expenses as well as amortisation/ depreciation of assets used for administrative purposes.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Staff costs

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

Depreciation

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

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

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, at a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Impairment of fixed assets

Items of property, plant and equipment are reviewed for impairment on an annual basis. Where there is evidence of impairment, each individual asset or group of assets, respectively, generating independent cash flows is tested for impairment. The carrying amount of impaired assets is reduced to the higher of the value in use and the net selling price (recoverable amount) of the asset or group of assets. Where an impairment loss is recognised on a group of assets, a loss must be allocated to the assets on a pro rata basis.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired, in which case the carrying amount is reduced to the net realisable value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other payables includes accrued customer bonuses.

Other debt is subsequently measured at amortised cost corresponding to the nominal unpaid debt.

DKK	2017	2016
2 Depreciation of property, plant and equipment		
Depreciation of property, plant and equipment	41,143	64,030
	<u>41,143</u>	<u>64,030</u>
Depreciation of property, plant and equipment is recognised in the income statement under the following items:		
DKK	2017	2016
Distribution costs	26,326	46,781
Administrative expenses	14,817	17,249
	<u>41,143</u>	<u>64,030</u>
3 Financial income		
Interest receivable, group entities	0	73,593
Exchange gain	0	2,019
Other financial income	500	9,296
	<u>500</u>	<u>84,908</u>
4 Financial expenses		
Other interest expenses	0	26,155
Other financial expenses	30,330	1,213
	<u>30,330</u>	<u>27,368</u>

Financial statements 1 January - 31 December

Notes to the financial statements

5 Property, plant and equipment

DKK	<u>Other fixtures and fittings, tools and equipment</u>
Cost at 1 January 2017	3,278,058
Disposals in the year	-214,502
Cost at 31 December 2017	<u>3,063,556</u>
Impairment losses and depreciation at 1 January 2017	3,205,689
Amortisation/depreciation in the year	41,143
Reversal of amortisation/depreciation and impairment of disposals	-214,502
Impairment losses and depreciation at 31 December 2017	<u>3,032,330</u>
Carrying amount at 31 December 2017	<u>31,226</u>

6 Investments

DKK	<u>Other receivables</u>
Cost at 1 January 2017	588,141
Additions in the year	19,900
Disposals in the year	-23,341
Cost at 31 December 2017	<u>584,700</u>
Carrying amount at 31 December 2017	<u>584,700</u>

DKK	<u>2017</u>	<u>2016</u>
7 Share capital		
Analysis of the share capital:		
600 shares of DKK 1,000.00 nominal value each	<u>600,000</u>	<u>600,000</u>
	<u>600,000</u>	<u>600,000</u>

The Company's share capital has remained DKK 600,000 over the past 5 years.

8 Non-current liabilities other than provisions

Out of long-term liabilities, DKK 0 falls due for payment after more than five years after the balance sheet date.

9 Deferred tax

The Company has tax loss carry-forwards at a carrying amount of DKK 192 thousand. As it is uncertain whether these tax losses can be utilised within a foreseeable future, their carrying amount has not been recognised in the financial statements.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2017	2016
10 Staff costs		
Wages/salaries	2,169,814	4,778,584
Pensions	86,917	80,893
Other social security costs	42,430	108,614
	2,299,161	4,968,091

Staff costs are recognised as follows in the financial statements:

Distribution	2,299,161	3,695,410
Administration	0	1,272,681
	2,299,161	4,968,091

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

Other financial obligations

Other rent and lease liabilities:

DKK	2017	2016
Rent and lease liabilities	491,527	1,024,512

Rent and lease liabilities include a rent obligation totalling DKK 397,152 (2016: DKK 835,762).

12 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2017.

13 Related parties

Information about consolidated financial statements

Parent	Domicile
Bosal Nederland B.V.	Kamerlingh Onnesweg 5, 4130 EE Vianen ZH, Holland