

OJ Electronics A/S

Stenager 13 B, Ulkebøl, 6400 Sønderborg, Denmark

CVR no. 10 64 35 97

Annual report 2017/18

Approved at the Company's annual general meeting on 22 June 2018

Chairman:



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Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of OJ Electronics A/S for the financial year 1 May 2017 - 30 April 2018.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 April 2018 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 May 2017 - 30 April 2018.

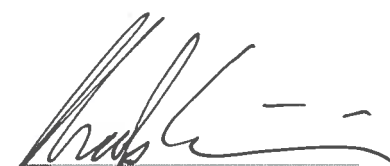
Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

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

Sønderborg, 22 June 2018
Executive Board:


Erik Damsgaard

Board of Directors:


Ole Strange
Chairman
Mads Pauli Ringkjøbing-
Christiansen
Lars Pauli Christiansen
Claus Ormann

Independent auditor's report

To the shareholders of OJ Electronics A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of OJ Electronics A/S for the financial year 1 May 2017 - 30 April 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 April 2018 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 May 2017 - 30 April 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 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 company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent 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 objectives are to obtain reasonable assurance as to whether the 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 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 the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the 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's review

Management is responsible for the Management's review.

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


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

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

Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the 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's review.

Aabenraa, 22 June 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Jon Midtgaard
State Authorised
Public Accountant
MNE no.: mne28657

Management's review

Company details

Name	OJ ELECTRONICS A/S
Address, P.O. Box, city	Stenager 13 B 6400 Sønderborg, Denmark
CVR no.	10 64 35 97
Established	1986
Registered office	Sønderborg
Financial year	1 May - 30 April
Website	www.ojelectronics.com
Telephone	+45 73 12 13 14
Board of Directors	Ole Strange (Chairman) Mads Pauli Ringkjøbing-Christiansen Lars Pauli Christiansen Claus Omann
Executive Board	Erik Damsgaard
Auditor	Ernst & Young Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark

Management's review

Financial highlights

DKK'000	2017/18	2016/17	2015/16	2014/15	2013/14
Key figures					
Revenue	323,999	273,293	258,852	234,308	198,806
Gross margin	77,614	54,883	52,723	54,316	56,201
Profit from ordinary activities	37,282	15,221	12,625	15,634	18,096
Profit/loss from financial income and expenses, net	-3,293	-1,380	-1,917	-1,609	-839
Profit/loss before tax	33,989	13,841	10,708	14,025	17,257
Profit for the year	26,523	10,545	8,170	10,628	14,800
Fixed assets	118,458	125,831	132,033	124,761	104,351
Non-fixed assets	108,992	90,887	93,301	85,226	77,364
Total assets	227,450	216,718	225,334	209,987	181,715
Share capital	1,040	1,040	1,040	1,040	1,040
Equity	114,896	101,168	93,592	84,981	83,411
Provisions	21,254	23,024	23,830	23,504	15,767
Non-current liabilities other than provisions	19,023	20,946	22,841	24,594	26,872
Financial ratios					
Cash flows from operating activities	44,190	45,268	22,427	36,397	25,446
Net cash flows from investing activities	-22,377	-19,673	-28,969	-35,820	-25,496
Portion relating to investments in items of property, plant and equipment	-6,282	-7,534	-9,597	-9,750	-5,246
Cash flows from financing activities	-14,892	-5,372	-2,161	-12,717	-22,131
Total cash flows	6,921	20,223	-8,703	-12,140	-22,181
Development costs for the year	35,437	28,255	39,853	46,845	33,503
Development costs for the year recognised in profit	35,359	30,181	28,595	22,323	19,972
Financial ratios					
Growth	18,6%	5,6%	10,5%	17,9%	1,5%
Operating margin	11,5%	5,6%	4,9%	6,7%	9,1%
PBT ratio	10,5%	5,1%	4,1%	6,0%	8,7%
Return on invested capital	26,0%	11,1 %	9,8%	12,6%	14,6 %
Return on investment	17,0%	7,0%	5,9%	8,2%	10,7 %
Gross margin	24,0%	20,1%	20,4%	23,2%	28,3%
Current ratio	150,8%	127,0%	109,7%	110,8%	139,0%
Solvency ratio	50,5%	46,7%	41,5%	40,5%	45,9%
Return on equity	24,6%	10,8%	9,2%	12,6%	17,4%
Average number of full-time employees					
	154	157	168	157	150

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

Management's review

Operating review

Principal activity

On a continuous basis the group activities are centered on development, manufacturing and distribution of control- and monitoring electronic solutions and components for the improvement of human comfort and the physical environment.

Activities are electronic systems and components for electric and hydronic underfloor heating and further activities are directed against electronic systems, drives and components for the HVAC industry.

Development in activities and financial position

Profit/loss for the year

The group has generated a revenue of DKK 324 million. The growth was 18.6% against last year's revenue. The growth has been achieved despite a flat development in the served markets by an increasing market share. The increasing market share is a result of the investments in development in new customer oriented products and increasingly though newly developed associated systems and services. The Profit from ordinary activities is DKK 37 million equivalent to an Operating margin of 11.5%. This is an increase compared to last year where the Operating margin was 5.6% and is due to the capitalization on the previous year's investments in development of new products and an increase in the fixed cost base lower than then revenue increase. The growth in gross margin is due to investments in redesign of products with new components at a competitive level and investments in optimizations in operating processes and manufacturing processes. Even though the investments in development has continued to be at a high level the level is in balance with the growth and market penetration.

The highly positive result for the year is a profit of DKK 27 million.

New products

We focus on energy-efficient products and an increased demand for products supporting cross system optimizations and connectivity. A large part of the products contain functionality for use in connection with or over the Internet. High comfort remains a focus point with market adaptation of the product specifications.

There is invested in extensive product developments. Products are based on specific customers and market expectations and have resulted in a number of platforms that will form the framework for more products in the coming years.

Investments

The group invests in improved operating processes and manufacturing and have a strong supplier base under continuous improvement. The result strengthens the profit and reduces risk in the coming years.

Capital resources

The Group's primary capital resources comprise liquid assets and unutilized credit facilities. Current capital resources are estimated to be sufficient to realize the budgeted activity for 2018/19.

Research and development activities

The group primary development activities are focused on products with improved user friendliness and supporting the increased requirements for connectivity with other systems and remote user access. These activities increase in importance while energy efficiency and comfort remains the important primary functions of the products and systems.

The group shows an increased level of R&D activities, DKK 35 million, in line with the strategy and in line with a balance between the level of R&D and the growth potential.

The link between the expense for the year and expense recognized in the income statement is shown below:

	<u>2017/18</u>	<u>2016/17</u>
Expense for the year	35,437	28,255
Hereof additions to development project and equipment in course of construction	-19,248	-14,504
Amortization and impairment of completed development projects	19,170	16,430
Expense for the year recognized in income statement, net	<u>35,359</u>	<u>30,181</u>

Other activities for the year

The development activities remains important for realizing the growth in the coming years. To accommodate increased focus on cost and development just-in-time flexibility is built into the development process based on extensive cooperation with external partners. Further this is an important activity to scale to activities and strengthen the activities with required competences for the coming years.

Outlook

The group expects a continued high growth level in the coming year supported by new customer relationships and a pipeline of new products.

The profit margin is expected to stay at the current level.

Special risks

Financial risks

The group solidity and credit facilities reduces the financial risk to an acceptable level.

Currency risks

Main trading currencies are DKK, USD and EUR. Group policy minimizes the currency risk through the use of financial facilities.

Interest rate risks

The group utilizes interest swaps to reduce risk.

Credit risks

The Group's credit risk policy entails that all major customers and other partners are continuously assessed on a credit basis.

Knowledge resources

Management is continuously working on the further development of employee competencies, as well as using substantial resources to attract new qualified employees. Resources are used to develop and maintain cooperation with external partners, where these can contribute to knowledge and flexibility in relation to capabilities that the Group needs. There is particular focus on the development of the Group's management resources.

Impact on the external environment

OJ Electronics is environmentally conscious and is continuously working to reduce the environmental impact of its operations. Through the Group's participation in ProjectZero, there is a continued focus on the value of CO2 reductions. Profitable investments in heat management, recycling and reduction in electricity consumption are part of the ongoing budgets and investment programs.

In addition, the Group's products contribute to energy saving and CO2 reduction at the Group's customers.

Events after the balance sheet date

No significant events have occurred after the balance sheet date which materially affect the Company's financial position.

Consolidated financial statements and parent company financial statements
1 May - 30 April

Income statement

Note	DKK '000	Group		Parent	
		2017/18	2016/17	2017/18	2016/17
	Revenue	323,999	273,293	318,358	264,102
	Production costs	-211,026	-188,229	-211,510	-186,933
	Development costs	-35,359	-30,181	-35,359	-30,181
	Gross margin	77,614	54,883	71,489	46,988
	Selling and distribution costs	-24,419	-24,783	-20,807	-21,424
	Administrative expenses	-15,913	-14,879	-14,950	-13,957
	Operating profit	37,282	15,221	35,732	11,607
5	Profit in subsidiaries after tax	0	0	1,051	2,328
	Financial income	153	502	181	725
	Financial expenses	-3,446	-1,882	-3,287	-1,757
	Profit from ordinary activities before tax	33,989	13,841	33,677	12,903
2	Tax for the year	-7,466	-3,296	-7,154	-2,358
	Profit for the year	<u>26,523</u>	<u>10,545</u>	<u>26,523</u>	<u>10,545</u>
	Breakdown of the consolidated results of operations:				
	Shareholders in OJ Electronics A/S	26,523	10,545		
	Non-controlling interests	0	0		
		<u>26,523</u>	<u>10,545</u>		

Consolidated financial statements and parent company financial statements
1 May - 30 April

Balance sheet

Note	DKK '000	Group		Parent	
		2017/18	2016/17	2017/18	2016/17
	ASSETS				
	Non-current liabilities				
3	Intangible assets				
	Completed development projects	38,079	43,101	38,079	43,101
	Development projects in progress	14,106	12,246	14,106	12,246
		<u>52,185</u>	<u>55,347</u>	<u>52,185</u>	<u>55,347</u>
4	Property, plant and equipment				
	Land and buildings	46,627	48,220	46,627	48,220
	Plant and equipment	18,369	20,929	18,332	20,859
	Plant and equipment in course of construction	1,277	1,335	1,277	1,335
		<u>66,273</u>	<u>70,484</u>	<u>66,236</u>	<u>70,414</u>
	Investments				
5	Investments in subsidiaries	0	0	2,497	2,646
		<u>0</u>	<u>0</u>	<u>2,497</u>	<u>2,646</u>
	Total non-current assets	<u>118,458</u>	<u>125,831</u>	<u>120,918</u>	<u>128,407</u>
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	15,097	13,132	15,097	13,132
	Work in progress	11,018	9,481	11,018	9,481
	Finished goods and goods for resale	10,096	7,852	3,957	3,663
		<u>36,211</u>	<u>30,465</u>	<u>30,072</u>	<u>26,276</u>
	Receivables				
	Trade receivables	65,517	53,744	42,837	37,161
	Receivables from group entities	227	225	30,452	18,782
	Other receivables	2,133	3,702	2,132	3,702
	Prepayments	748	249	661	177
		<u>68,625</u>	<u>57,920</u>	<u>76,082</u>	<u>59,822</u>
	Cash	<u>4,156</u>	<u>2,502</u>	<u>325</u>	<u>857</u>
	Total non-fixed assets	<u>108,992</u>	<u>90,887</u>	<u>106,479</u>	<u>86,955</u>
	TOTAL ASSETS	<u>227,450</u>	<u>216,718</u>	<u>227,397</u>	<u>215,362</u>

Consolidated financial statements and parent company financial statements
1 May - 30 April

Balance sheet

Note	DKK '000	Group		Parent	
		2017/18	2016/17	2017/18	2016/17
	EQUITY AND LIABILITIES				
	Equity				
6	Share capital	1,040	1,040	1,040	1,040
	Reserve for development costs	0	0	17,277	8,935
	Retained earnings	90,856	87,128	73,579	78,193
	Dividend proposed for the year	23,000	13,000	23,000	13,000
	Total equity	114,896	101,168	114,896	101,168
	Provisions				
7	Deferred tax	15,847	17,250	17,413	18,379
8	Warranties	5,407	5,774	5,407	5,774
	Total provisions	21,254	23,024	22,820	24,153
	Liabilities				
	Non-current liabilities other than provisions				
9	Credit institutions	19,023	20,946	19,023	20,946
		19,023	20,946	19,023	20,946
	Current liabilities				
	Current portion of non-current liabilities	1,918	1,888	1,918	1,888
	Credit institutions	12,210	17,477	12,210	17,476
	Trade payables	34,552	29,021	34,395	28,960
	Income taxes	8,423	5,240	8,152	4,756
	Payables to group entities	0	0	0	0
	Other payables	15,174	17,954	13,983	16,015
	Total current liabilities	72,277	71,580	70,658	69,095
	Total liabilities	91,300	92,526	89,681	90,041
	TOTAL LIABILITIES	227,450	216,718	227,397	215,362

- 1 Accounting policies
- 10 Staff costs
- 11 Depreciation, amortisation and impairment losses
- 12 Contractual obligations and contingencies, etc.
- 13 Mortgages and collateral
- 14 Currency and interest rate risks and use of financial instruments
- 15 Related parties
- 16 Appropriation of profit/loss

Consolidated financial statements and parent company financial statements 1 May - 30 April

Statement of changes in equity

Note	DKK '000	Group				
		Share capital	Reserve for development costs	Retained earnings	Dividend proposed for the year	Total
		1,040	0	89,052	3,500	93,592
		0	0	0	-3,500	-3,500
		0	0	-2,455	13,000	10,545
		0	0	-253	0	-253
		0	0	784	0	784
		1,040	0	87,128	13,000	101,168
		0	0	0	-13,000	-13,000
		0	0	3,523	23,000	26,523
		0	0	-413	0	-413
		0	0	618	0	618
		1,040	0	90,856	23,000	114,896
		Parent				
		Share capital	Reserve for development costs	Retained earnings	Dividend proposed for the year	Total
		1,040	0	89,052	3,500	93,592
		0	0	0	-3,500	-3,500
		0	8,935	-11,390	13,000	10,545
		0	0	-253	0	-253
		0	0	784	0	784
		1,040	8,935	78,193	13,000	101,168
		0	0	0	-13,000	-13,000
		0	8,342	-4,819	23,000	26,523
		0	0	-413	0	-413
		0	0	618	0	618
		1,040	17,277	73,579	23,000	114,896
		Parent				
		Share capital	Reserve for development costs	Retained earnings	Dividend proposed for the year	Total
		1,040	0	89,052	3,500	93,592
		0	0	0	-3,500	-3,500
		0	8,935	-11,390	13,000	10,545
		0	0	-253	0	-253
		0	0	784	0	784
		1,040	8,935	78,193	13,000	101,168
		0	0	0	-13,000	-13,000
		0	8,342	-4,819	23,000	26,523
		0	0	-413	0	-413
		0	0	618	0	618
		1,040	17,277	73,579	23,000	114,896

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Consolidated financial statements and parent company financial statements 1 May - 30 April

Cash flow statement

Note	DKK '000	Group	
		2017/18	2016/17
	Operating profit	37,282	15,219
	Depreciation, amortisation and impairment	29,747	25,866
	Adjustment of provisions for warranties	-367	336
	Cash generated from operations (operating activities)	66,662	41,421
	Interest received	181	724
	Interest paid	-3,791	-2,365
	Cash generated from operations (ordinary activities)	63,052	39,780
	Changes in inventories	-5,746	2,513
	Changes in trade receivables	-11,943	1,459
	Changes in other receivables	1,392	-3,319
	Changes in trade payables	6,653	3,028
	Changes in other payables	-2,781	-681
	Changes in prepayments and deferred income	-484	330
	Income taxes paid	-5,953	2,158
	Cash flows from operating activities	44,190	45,268
	Acquisition of intangible assets	-16,100	-12,401
	Acquisition of property, plant and equipment	-6,282	-7,534
	Disposal of property, plant and equipment	5	262
	Cash flows from investing activities	-22,377	-19,673
	Repayment of non-current liabilities other than provisions	-1,892	-1,872
	Dividends paid	-13,000	-3,500
	Cash flows from financing activities	-14,892	-5,372
	Net cash flows	6,921	20,223
	Cash and cash equivalents, beginning of year	-14,975	-35,198
	Cash and cash equivalents, year-end	-8,054	-14,975

The cash flow statement cannot directly be derived from the other components of the consolidated financial statements and the parent company financial statements.

Consolidated financial statements and parent company financial statements 1 May - 30 April

Notes

1 Accounting policies

The annual report of OJ Electronics A/S for 2017/18 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class C (medium-sized).

The financial statements have been prepared in accordance with the same accounting policies as last year.

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company OJ Electronics A/S and subsidiaries controlled by OJ Electronics A/S.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing if the Parent Company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

In the consolidated financial statements, the items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's profit/loss and equity, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity

Consolidated financial statements and parent company financial statements 1 May - 30 April

Notes

1 Accounting policies

investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

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

Non-controlling interests

The group does not have non-controlling interests.

Foreign currency translation

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

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

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with separate foreign subsidiaries which are considered part of the total investment in the subsidiary are taken directly to equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are recognised at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

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Notes

1 Accounting policies

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Production costs

Production costs comprise costs, including depreciation/amortisation charges and salaries, incurred in generating the year's revenue. Commercial entities recognise their cost of sales, and manufacturing entities recognise their production costs incurred in generating the revenue for the year. Such costs include direct and indirect costs related to raw materials and consumables, wages and salaries, rent and leases as well as impairment losses on production plant.

Development costs

Development costs comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Selling and distribution costs

Selling and distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation.

Administrative expenses

Administrative expenses comprise costs incurred in the year to manage and administer the Company, including expenses related to administrative staff, management, office premises, office expenses and amortisation/depreciation.

Share of profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit from ordinary activities

The parent Company is subject to the Danish rules on mandatory joint taxation of the Chrispa ApS Group's Danish companies. Subsidiaries are included in the joint taxation arrangement from the date

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Notes

1 Accounting policies

when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The Parent Company, Chrispa A/S, acts as management company in the joint taxation arrangement and accordingly settles all income taxes vis-à-vis the tax authorities.

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

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge - including changes arising from changes in tax rates - is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable and where the technical rate of utilisation, sufficient resources and a potential future market or development potential are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 3 - 5 years.

Rights, patents and licences are measured at cost less accumulated amortisation and impairment losses. Rights, patents and licences acquired are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence term, usually 5 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

Land and buildings and plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

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Notes

1 Accounting policies

costs of materials, components, sub-suppliers and wages and salaries. All financing costs regarding the production period are expensed no matter whether they can be attributed to costs.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings and installations	25 - 50 years
Plant and equipment	3 - 10 years

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are 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 depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as "Production costs", "Selling and distribution costs", "Administrative expenses" and "Development costs", respectively.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement in the item under which depreciation on the asset was originally expensed.

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

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

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed in contingencies, etc.

The Group's total liabilities relating to operating leases and other leases are disclosed under "Contractual obligations" and "Contingent items, etc.".

Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method in the parent company financial statements. Equity investments in associates are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding the consolidated financial statements above.

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Notes

1 Accounting policies

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies in the consolidated financial statements. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and equity investments in subsidiaries is tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories concerned are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and production overheads. Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are assessed for objective evidence of impairment on a portfolio basis. The objective evidence applied to portfolios is determined based on historical loss experience.

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Notes

1 Accounting policies

Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Current assets" comprise expenses incurred concerning subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the general meeting (declaration date). Dividend expected to be distributed for the year is disclosed as a separate item under equity.

Income tax and deferred tax

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

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Income tax receivable" or "Income tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises 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 assets, including the tax value of tax loss carryforwards, are recognised under "Assets" 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

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1 Accounting policies

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

In addition to deferred tax, provisions comprise anticipated expenses related to warranty commitments. Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 1-5 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Liabilities that are expected to be settled after one year after the balance sheet date are discounted at average bond yields.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, 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 liabilities are measured at net realisable value.

Deferred income

Deferred income, recognised under "Liabilities", comprises payments received concerning income in subsequent years.

Cash flow statement

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

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

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

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividend to shareholders.

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Notes

1 Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to only minor risks of changes in value.

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1 May - 30 April

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	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
DKK '000				
2 Tax on profit/loss for the year				
Current tax	9,165	4,439	8,120	3,612
Adjustment of tax in respect of previous years	-296	0	0	0
Adjustments of deferred tax for the year	-1,403	-1,143	-966	-1,254
	<u>7,466</u>	<u>3,296</u>	<u>7,154</u>	<u>2,358</u>

3 Intangible assets

	Group			
	Completed development projects	Development projects in course of construction	Rights and know how acquired	Total
DKK '000				
Cost at 1 May 2017	130,920	12,247	30,280	173,447
Additions	14,241	16,008	0	30,249
Transferred	0	-14,241	0	-14,241
Disposals	0	92	0	92
Cost at 30 April 2018	<u>145,161</u>	<u>14,106</u>	<u>0</u>	<u>189,547</u>
Amortisation and impairment losses at 1 May 2017	87,819	0	30,280	118,099
Amortisation and impairment losses	17,370	0	0	17,370
	<u>1,893</u>	<u>0</u>	<u>0</u>	<u>1,893</u>
Amortisation and impairment losses at 2018	107,082	0	0	137,362
Carrying amount at 30 April 2018	<u>38,079</u>	<u>14,106</u>	<u>0</u>	<u>52,185</u>
Amortised over	<u>3-5 years</u>		<u>5 years</u>	

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3 Intangible assets (continued)

DKK '000	Parent			Total
	Completed development projects	Development projects in course of construction	Rights and know how acquired	
Cost at 1 May 2017	130,920	12,247	30,280	173,447
Additions	14,241	16,008	0	30,249
Transferred	0	-14,241	0	-14,241
Disposals	0	92	0	92
Cost at 30 April 2018	145,161	14,106	0	189,547
Amortisation and impairment losses at 1 May 2017	87,819	0	30,280	118,099
Amortisation	17,370	0	0	17,370
Impairment losses	1,893	0	0	1,893
Amortisation and impairment losses at 30 April 2018	107,082	0	0	137,362
Carrying amount at 30 April 2018	38,079	14,106	0	52,185
Amortised over	<u>3-5 years</u>		<u>5 years</u>	

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4 Property, plant and equipment

DKK '000	Group			
	Land and buildings	Plant and equipment	Plant and equipment in course of construction	Total
Cost at 1 May 2017	68,514	93,159	1,334	163,007
Exchange rate adjustment relating to foreign entities	0	-23	0	-23
Additions	0	6,339	3,332	9,671
Transferred	0	0	-3,389	-3,389
Disposals	0	-1,994	0	-1,994
Cost at 30 April 2018	68,514	97,481	1,277	167,272
Depreciation and impairment losses at 1 May 2017	20,294	72,230	0	92,524
Exchange rate adjustment relating to foreign entities	0	-21	0	-21
Depreciation and impairment	1,593	8,887	0	10,480
Disposals	0	-1,984	0	-1,984
Depreciation and impairment losses at 30 April 2018	21,887	79,112	0	100,999
Carrying amount at 30 April 2018	46,627	18,369	1,277	66,273
Depreciated over	<u>25-50 years</u>		<u>3-10 years</u>	
DKK '000	Parent			
	Land and buildings	Plant and equipment	Plant and equipment in course of construction	Total
Cost at 1 May 2017	68,514	92,539	1,334	162,387
Additions	0	6,339	3,332	9,671
Transferred	0	0	-3,389	-3,389
Disposals	0	-1,994	0	-1,994
Cost at 30 April 2018	68,514	96,884	1,277	166,675
Depreciation and impairment losses at 2017	20,294	71,680	0	91,974
Depreciation	1,593	8,856	0	10,449
Disposals	0	-1,984	0	-1,984
Depreciation and impairment losses at 2018	21,887	78,552	0	100,439
Carrying amount at 30 April 2018	46,627	18,332	1,277	66,236
Depreciated over	<u>25-50 years</u>		<u>3-10 years</u>	

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DKK '000	Parent	
	2017/18	2016/17
5 Investments in subsidiaries		
Cost at 1 May 2017	5,007	5,007
Value adjustments at 1 May 2017	-5,797	-5,816
Foreign exchange adjustment	-413	-253
Profit/loss for the year	1,051	2,328
Dividend distribution	-2,475	-2,056
Value adjustments at 30 April 2018	-7,634	-5,797
Carrying amount at 30 April 2018	-2,627	-790
Hereof recognised as investments	2,497	2,646
Hereof written down under receivables from group entities	-5,124	-3,436
	-2,627	-790

Name	Registered office	Ownership interest	Equity	Share of profit/loss for the year
OJ Electronics Ltd.	England	100 %	2,497	467
OJ Electronics Inc.	The US	100 %	448	2,121
			2,945	2,588
Internal gains and losses at 30 April 2018			-7,143	-1,970
Deferred tax on intra-group gains and losses			1,571	433
			-2,627	1,051

The subsidiaries are considered independent entities.

DKK '000	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
6 Share capital				
The subscribed capital comprises 1,040,000 shares of DKK 1 each.	1,040	1,040	1,040	1,040

The Company has one share class and all shares carry the same rights. The share capital has remained unchanged for the past five years.

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DKK '000	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
7 Deferred tax				
Deferred tax at 1 May	17,250	18,393	18,379	19,633
Adjustment of the deferred tax charge for the year	-1,403	-1,143	-966	-1,254
Deferred tax at 30 April	15,847	17,250	17,413	18,379
Deferred tax relates to:				
Development projects	11,481	12,176	11,481	12,176
Properties	4,506	4,415	4,506	4,415
Plant and machinery	1,375	1,732	1,375	1,723
Other	-1,515	-1,073	51	65
	15,847	17,250	17,413	18,379

8 Warranties

The OJ ELECTRONICS Group has provided guarantee for certain products. A provision of DKK 5,407 thousand has been provided (2016/17: DKK 5,774 thousand) for expected warranty claims. The provision has been calculated based on historical information on the level of repairs and returned goods as well as specific warranty cases. The warranty provision includes some major provisions that relate to specific warranty cases.

The maturity dates for the warranty obligations are expected to be:

DKK '000	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
0-1 years	1,742	1,800	1,742	1,800
1-5 years	3,665	3,974	3,665	3,974
	5,407	5,774	5,407	5,774

9 Credit institutions

Long-term debt falling due after five years	11,280	13,283	11,280	13,283
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DKK '000	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
10 Staff costs				
Average number of employees employed	154	157	149	152
Total staff costs include:				
Wages and salaries	68,984	67,641	66,491	65,398
Pensions	5,448	5,514	5,314	5,361
Other social security costs	668	679	339	346
	<u>75,100</u>	<u>73,834</u>	<u>72,144</u>	<u>71,105</u>
Allocated on:				
Production costs	30,054	29,109	30,054	29,109
Development costs	18,308	18,310	18,308	18,310
Selling and distribution costs	17,573	17,906	14,618	15,177
Administrative expenses	9,165	8,509	9,164	8,509
	<u>75,100</u>	<u>73,834</u>	<u>72,144</u>	<u>71,105</u>
Management remuneration	<u>3,154</u>	<u>2,714</u>	<u>3,154</u>	<u>2,714</u>
DKK '000	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
11 Depreciation, amortisation and impairment losses				
Properties	1,593	1,615	1,593	1,615
Plant and equipment	8,887	8,115	8,856	8,079
Loss on the disposal of equipment	4	-107	4	-107
Development projects	19,263	16,245	19,263	16,245
	<u>29,747</u>	<u>25,868</u>	<u>29,716</u>	<u>25,832</u>
Allocated on:				
Production costs	7,041	6,122	7,041	6,122
Development costs	19,925	16,883	19,925	16,883
Selling and distribution costs	238	339	238	339
Administrative expenses	2,543	2,524	2,512	2,488
	<u>29,747</u>	<u>25,868</u>	<u>29,716</u>	<u>25,832</u>

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12 Contractual obligations and contingencies, etc.

Contingent liabilities

There are no pending litigation or disputes that are expected to materially affect the Group's and the Company's financial position.

The Company is jointly taxed with its Danish parent company. The companies included in the joint taxation have joint and several unlimited liability for Danish withholding taxes on dividends, interest and royalties.

By virtue of a guarantee put in place by the company, OJ Electronics Limited (Company No. 2233045) has taken advantage of exemption from audit under section 479a of the Companies Act. The guarantee is provided in relation to all the outstanding liabilities to which OJ Electronics Limited is subject at the end of the financial year ended 30 April 2018, until such liabilities are satisfied in full.

Operating lease liabilities

The Group has lease liabilities regarding premises in the UK. The rent totals DKK 162 thousand a year and the lease is non-terminable until July 2018 in Warminster and April 2019 in Basingstoke.

The Company has entered into operating leases with an average annual lease payment of DKK 89 thousand and a remaining term of 5 months. The remaining lease obligation totals DKK 37 thousand.

The Group has entered into operating leases with an average annual lease payment of DKK 174 thousand and a remaining term of 9 months. The remaining lease obligation totals DKK 109 thousand.

13 Mortgages and collateral

Land and buildings with a carrying amount of DKK 46,627 thousand at 30 April 2018 (2016/17: DKK 48,220 thousand) have been provided as collateral for mortgage loans of DKK 20,942 thousand (2016/17: DKK 22,833 thousand).

14 Currency and interest rate risks and use of financial instruments

The Group uses interest rate swaps to hedge interest rate risks, whereby floating interest payments are rescheduled into fixed interest payments.

The fair value is recognised in the consolidated financial statements and the parent company financial statements in accordance with the accounting policies.

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15 Related parties

In addition to the disclosures made under "Ownership", the Group's related parties include the members of the Board of Directors and the Executive Board, see note 5 and those companies' Boards of Directors and Executive Boards.

Remuneration/fees to members of the Executive Board and the Board of Directors of the Parent Company are reflected in note 10.

Except for transactions eliminated in the consolidated financial statements, dividend distribution and joint taxation contribution, no other related party transactions have been performed.

Ownership

The following shareholders hold more than 5 % of the Company's share capital and/or more than 5 % of the voting share capital:

Chrispa ApS, Jernbanegade 27, 6000 Kolding, Denmark
OJE Holding ApS, Stenager 13 B, 6400 Sønderborg, Denmark
OJE Holding ApS exercises control as majority shareholder.

Chrispa ApS is the ultimate parent company

Consolidated financial statements

OJ Electronics A/S is included in the consolidated financial statements of Chrispa ApS, Jernbanegade 27, 6000 Kolding, Denmark. The consolidated financial statements are available on www.datacvr.virk.dk.

DKK '000	Parent	
	2017/18	2016/17
16 Appropriation of profit/loss		
Proposed profit appropriation		
Proposed dividend	23,000	13,000
Reserve for development costs	8,342	8,935
Retained earnings	-4,819	-11,390
	<u>26,523</u>	<u>10,545</u>