Humac A/S

Sydvestvej 21, 3. floor
2600 Glostrup
Denmark

CVR no. 13 39 75 97

Annual report 2016/17

The annual report was presented and approved at the Company's annual general meeting on

28 February 2018

chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Humac A/S for the financial year 1 October 2016 – 30 September 2017.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2017 and of the results of the Company's operations and cash flows for the financial year 1 October 2016 – 30 September 2017.

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

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

Glostrup, 28 February 2018
Executive Board:

Michael Bech
CEO

Board of Directors:

Philippe Gens Chairman	Tikhon Smykov	Denis Sitnikov

Michael Bech

KPMG

Independent auditor's report

To the shareholders of Humac A/S

Opinion

We have audited the financial statements of Humac A/S for the financial year 1 October 2016 – 30 September 2017 comprising 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.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2017 and of the results of the Company's operations and cash flows for the financial year 1 October 2016 – 30 September 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 financial statements" section of our report. 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 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 the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

KPMG

Independent auditor's report

- 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 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 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 28 February 2018
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Joakim Juul Larsen
State Authorised
Public Accountant
MNE no. 32803

Management's review

Company details

Humac A/S
Sydvestvej 21, 3. floor
2600 Glostrup
Denmark

Telephone:	+45 70 21 53 53
Fax:	+45 70 21 53 55
Website:	www.humac.dk

CVR no.:	13 39 75 97
Financial year:	1 October – 30 September

Board of Directors

Philippe Gens, Chairman
Tikhon Smykov
Denis Sitnikov
Michael Bech

Executive Board

Michael Bech, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

Annual general meeting

The annual general meeting will be held on 28 February 2018 at the Company's address.

Management's review

Financial highlights

DKK'000	2016/17	2015/16	2014/15	2013/14	2012/13
Key figures					
Revenue	724,913	647,862	704,289	458,379	410,006
Gross profit/loss	71,620	69,671	78,225	48,207	44,087
Operating profit/loss	7,172	922	7,945	-1,250	-2,014
Profit/loss from financial income and expenses	-2,880	-2,412	-2,361	-1,824	-1,602
Profit/loss for the year	3,113	-1,165	3,663	-2,254	-3,243
Total assets	127,482	92,165	106,334	88,074	84,334
Equity	13,983	10,870	12,035	8,372	10,625
Cash flows from operating activities	-5,021	10,507	-10,683	-2,967	6,354
Cash flows from investing activities	-5,790	-8,005	-7,356	-4,727	-4,709
Cash flows from financing activities	32,090	-392	-8,231	7,450	181
Total cash flows	21,279	2,110	-26,270	-243	1,825
Ratios					
Gross margin	10%	11%	11%	11%	11%
Operating margin	1%	0%	1%	0%	0%
Return on invested capital	51%	2%	29%	-2%	-2%
Return on equity	22%	-10%	36%	-24%	-27%
Solvency ratio	11%	12%	11%	10%	13%
Average number of full-time employees	151	164	161	112	117

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios have been calculated as follows:

Gross margin $\dfrac{\text{Gross profit/loss x 100}}{\text{Revenue}}$

Operating margin $\dfrac{\text{Operating profit/loss x 100}}{\text{Revenue}}$

Return on invested capital $\dfrac{\text{Operating profit/loss * 100}}{\text{Average invested capital}}$

Return on equity $\dfrac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$

Solvency ratio $\dfrac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$

Management's review

Operating review

Principal activities

The company's main activity is sales of consumer electronics, IT equipment, system integration and other IT-related services. At the end of the financial year, the company is operating 23 retail stores and 2 online shops focusing on sales directly to private and business customers, a direct sales function focusing on SME and LA segments in the B2B area, an online shop as well as local, authorised service sites for Apple products.

Development in activities and financial position

This is the Company's sixth operating year in the LANIT Group, which acquired the Company in May 2009.

The Inventive Retail Group (IRG) was founded in 1995 in Russia and has collaborated with Apple since 1996. IRG took over Humac in May 2009. In the 2010/2011 financial year, the IRG's retail activities were divided and is now run under the re:Store Retail Group. In recent years, the Group has invested heavily in consumer business following the same model as Humac. The re:Store Retail Group currently operates several monobrand concepts in Russia and Denmark. The Group's Management has extensive experience in retailing across concepts (a total of over 350 monobrand stores within several brands, including Apple, LEGO, Samsung, Nike, Sony, STREET BEAT, ROOKIE, LEAP, Bang & Olufsen, Kid Rocks and UNOde50).

The Management of Humac A/S has in 2016/17 continued the ongoing process of digitisation and cost efficiency improvement, expansion of the number of stores as well as optimisation of sales and service channels. The chain now includes 23 stores and 4 service sites as well as B2B and online sales.

During the year, Management has chosen to outsource the service sites so that the 4 service sites are now run by StayOnline as operator. These service sites, run as efficient service units, are located in Aarhus, Kolding, Copenhagen city centre and Vesterbro, and Management has also chosen to invest heavily in upgrading the service facilities with the status of AASP (Apple Authorised Service Partner).

During the financial year, Humac acquired Bang & Olufsen's store at Strøget in Copenhagen from Bang & Olufsen A/S, thus gaining the status of Bang & Olufsen monobrand retailer under the B&O B1 contract.

Humac has furthermore opened an online shop this year. Rentefri.dk is based 100% on interest-free financing of consumer electronics and is established in cooperation with the Santander Consumer Bank. Interest-free financing is growing, and the entire market for interest-bearing and interest-free loans is interesting for Humac in the competition to present premium products to new consumer groups.

At the end of the financial year 2014/15, Humac implemented a change of the ERP and POS systems in all stores and on all sales channels. The implementation and deeper utilisation of the systems continued in the financial years 2016/16 and 2016/17.

The system changes also include the implementation of new systems for B2B sales functions, such as MDM (Mobile Device Management) and DEP (Device Enrolment Programme), which are essential tools in the work of selling to businesses. These systems have continued to undergo deeper implementation in the financial year 2016/17. In addition, at the end of 2017, the company initiated a larger construction of a data warehouse system so that Humac can ensure management of customer data, personal data information and financial key ratios in the future. The project includes full GDPR compliance on all customer data and will ensure GDPR compliance by 25 May 2018.

Management's review

Operating review

The company is thus future-proofed IT-wise with significant opportunities to resist competition and disruption in relation to the business model. The company has a clear digital strategy on developing customer loyalty-inducing activities in the coming year, which is continuously implemented in the form of processes and IT-supported solutions.

The market is flat and still characterised by fierce competition on consumer electronics. The competition has been intensified extensively with the arrival of new cut-price chains, but the industry has also experienced close downs of shops and chains in 2016/17. Revenue in Humac has risen in 2016/17 due to Humac's ability to take market shares and secure volume through digital channels, especially in the B2B area. The close downs of chains and independent stores in electronics has also had an effect on Humac's revenue growth.

Humac continues to invest heavily in marketing and loyalty-inducing initiatives to increase chain awareness and volume in sales, including expansion with more stores.

Expectations for the result

During the financial year 2016/17, the company realised a profit of DKK 3.113m and an equity at 30 September 2017 of DKK 13.983m.

The result is deemed satisfactory.

The equity has thus risen from DKK 10.870 thousand at the beginning of the financial year to DKK 13.983 thousand at the end of the financial year as a result of the profit for the year. The Board of Directors has decided that for now the company does not pay dividends to investors, and at the same time assessed that the company is not for now to receive additional capital. The current credit facilities are retained to ensure continued growth opportunities for the company.

The company has lived up to Management's expectations for the financial year 2016/17.

The combination of the continued flat consumer electronics market, as well as continued costs for integration of the digitisation of the business, establishment renewal and reconstruction of stores and service sites are factors that influence the profit for the year.

Expectations for the comming year

Humac's Management expects both revenue and earnings to increase next year. Humac will continue to seek cost-side improvements and optimisation of processes and systems, thus focusing on delivering the best customer experience, including additional use of IT systems for optimisation of operation and marketing.

The rise in Apple's market share is due to continued launch of new innovative products where, for example, the new MacBook Pro, the iPad Pro, iPhones and the Apple Watch will boost growth in both the consumer customer segment and the B2B segment.

The company's Management expects the company's current cash situation to be maintained and improved, and that operations will take place as planned and budgeted for in 2017/18.

However, a continued flat market for electronics, competition from new/existing chains or lack of deliveries and/or exposure to new Apple products may adversely affect the company's earnings in the coming year.

It is Management's opinion that the strategic and cost-effective initiatives that have been launched will ensure continued growth in revenue and earnings for the coming year (2017/18).

Management's review

Operating review

Subsequent events

No events materially affecting the assesment of the annual report have occured after the balance sheet date.

Financial statements 1 October – 30 September

Income statement

DKK'000	Note	2016/17	2015/16
Revenue		724,913	647,862
Variable costs		-653,293	-578,191
Gross profit		71,620	69,671
Staff costs	2	-59,651	-62,751
Depreciation and amortisation	3	-4,797	-5,998
Operating profit		7,172	922
Financial income		294	341
Financial expenses	4	-3,175	-2,752
Profit before tax		4,291	-1,489
Tax on profit/loss for the year	5	-1,178	324
Profit for the year		3,113	-1,165

Financial statements 1 October – 30 September

Balance sheet

DKK'000	Note	2016/17	2015/16
ASSETS			
Fixed assets			
Intangible assets	7		
Rights		1,027	1,479
Software		4,846	4,705
		5,873	6,184
Property, plant and equipment	8		
Fixtures and fittings, tools and equipment		2,824	2,571
Leasehold improvements		4,964	4,851
		7,788	7,422
Investments	9		
Deposits		9,573	8,630
		9,573	8,630
Total fixed assets		23,234	22,236
Current assets			
Inventories			
Finished goods		61,611	44,499
		61,611	44,499
Receivables			
Trade receivables		28,286	14,770
Receivables from group entities		0	223
Other receivables		9,297	5,152
Deferred tax asset	10	2,804	3,399
Prepayments	11	1,449	1,312
		41,836	24,856
Cash at bank and in hand		801	574
Total current assets		104,248	69,929
TOTAL ASSETS		127,482	92,165

Financial statements 1 October – 30 September

Balance sheet

DKK'000	Note	2016/17	2015/16
EQUITY AND LIABILITIES			
Equity	12		
Contributed capital		3,102	3,102
Retained earnings		10,881	7,768
Total equity		13,983	10,870
Liabilities other than provisions			
Current liabilities other than provisions			
Other credit institutions		36,514	26,276
Trade payables		47,385	29,148
Payables to group entities		3,584	3,008
Other payables and corporation tax		23,414	19,851
Deferred income	13	2,602	3,012
		113,499	81,295
Total liabilities other than provisions		113,499	81,295
TOTAL EQUITY AND LIABILITIES		127,482	92,165
Contractual obligations, contingencies, etc.	14		
Mortgages and collateral	15		
Related party disclosures	16		

Financial statements 1 October – 30 September

Statement of changes in equity

	Contributed capital	Retained earnings	Total
Equity at 1 October 2016	3,102	7,768	10,870
Transferred over the profit appropriation	0	3,113	3,113
Equity at 30 September 2017	3,102	10,881	13,983

Financial statements 1 October – 30 September

Cash flow statement

DKK'000	Note	2016/17	2015/16
Profit for the year		3,113	-1,165
Depreciation, amortization, impairment on intangible and tangible assets		4,796	5,926
Cash flows from operations before changes in working capital		7,909	4,761
Change in inventories		-17,112	14,446
Change in receivables		-17,291	6,223
Change in current liabilities		21,473	-14,923
Cash flows from ordinary activities		-5,021	10,507
Cash flows from operating activities		-5,021	10,507
Acquisition of intangible assets		-1,273	-3,873
Acquisition of property, plant and equipment		-3,577	-3,500
Disposal of property, plant and equipment		0	330
Rent deposits		-940	-962
Cash flows from investing activities		-5,790	-8,005
Increase in payables to group		576	-392
Repayment of receivables from group		223	0
Increase in payables to credit institutions		31,291	0
Cash flows from financing activities		32,090	-392
Cash flows for the year		21,279	2,110
Cash and cash equivalents at the beginning of the year		574	185
Other credit institustions		-26,276	-27,997
Cash and cash equivalents at year end		-4,423	-25,702

Financial statements 1 October – 30 September

Notes

1 **Accounting policies**

The annual report of Humac A/S for 2016/17 has been prepared in accordance with the provisions applying to reporting class C medium-sized entites under the Danish Financial Statements Act.

As from 1 October 2016, the Company has implemented Act no. 738 of 1 June 2015.
The changes have no monetary effect on the income statement or the balance sheet for 2016/17 or for the comparative figures.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

The financial statements of the Company are included in the consolidated financial statements of ReStore Retail Group Limited, Drake Chambers, P.O. Box 3321, Road Town, Tortola, British Virgin Islands

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured excl. VAT, taxes and discounts.

Variable costs

Variable costs comprises the company's external costs including costs for resale goods, costs of sales, sales campaigns, advertising, administrative costs for office premises and office expenses.

Staff costs

Staff costs comprise expenses incurred during the year for management and administration, including expenses for administrative staff.

Financial income and expenses

Financial income and expenses comprise interest income and expense, cash discounts, gains and losses on receivables, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 October – 30 September

Notes

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Intangible assets comprise rights and software. Rights and software are measured at cost less accumulated amortisation. Amortisation is provided on a straight-line basis over the expected useful lives of the assets.

Property, plant and equipment

Leasehold improvements and and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Equipment	3 years
Leasehold improvements	4 years
Cars	5 years
Fixtures and fittings	4 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement as depreciation.

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are stated 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 as other operating income or other operating costs, respectively.

Inventories

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

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

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

Financial statements 1 October – 30 September

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost. Write-down is made to net realisable value for anticipated bad debt losses.

Equity

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

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 based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are measured at amortised cost. Other financial liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent year.

Financial statements 1 October – 30 September

Notes

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Company'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 Company's cash and cash equivalents at the beginning and end of the year.

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Cash and equivalents

Cash and equivalents comprise cash and short-term bank borrowings.

Financial statements 1 October – 30 September

Notes

2 Staff costs

DKK'000	2016/17	2015/16
Wages and salaries	55,638	58,544
Pensions	2,903	3,188
Other social security costs	1,110	1,019
	59,651	62,751
Average number of full-time employees	151	164

According to section 98 B(3) of the Danish Financial Statements Act, renmueration to the Executive Board has not been disclosed.

No remuneration has been paid to the Board of Directors.

3 Depreciation and amortisation

Amortisation on intangible assets	1,585	1,459
Depreciation on property, plant and equipment	3,212	4,466
Gain /loss on disposal	0	73
	4,797	5,998

4 Financial expenses

Interest expense to group entities	529	768
Other financial costs	2,646	1,984
	3,175	2,752

5 Tax on profit/loss for the year

Adjustments of deferred tax	521	-404
Adjustment prior years	138	0
Tax on profit/loss for the year	519	80
	1,178	-324

6 Proposed profit appropriation

Retained earnings	3,113	-1,165
	3,113	-1,165

Financial statements 1 October – 30 September

Notes

7 Intangible assets

DKK'000	Rights	Software	Total
Cost at 1 October 2016	3,422	11,569	14,991
Additions for the year	0	1,273	1,273
Cost at 30 September 2017	3,422	12,842	16,264
Amortisation and impairment losses at 1 October 2016	-1,943	-6,863	-8,806
Amortisation for the year	-452	-1,133	-1,585
Amortisation and impairment losses at 30 September 2017	-2,395	-7,996	-10,391
Carrying amount at 30 September 2017	1,027	4,846	5,873

8 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 October 2016	16,463	24,198	40,661
Additions	1,678	1,899	3,577
Cost at 30 September 2017	18,141	26,097	44,238
Depreciation and impairment losses at 1 October 2016	-13,891	-19,347	-33,238
Depreciation	-1,426	-1,786	-3,212
Depreciation and impairment losses at 30 September 2017	-15,317	-21,133	-36,450
Carrying amount at 30 September 2017	2,824	4,964	7,788

9 Investments

DKK'000	Deposits
Cost at 1 October 2016	8,630
Additions for the year	943
Cost at 30 September 2017	9,573
Carrying amount at 30 September 2017	9,573

Financial statements 1 October – 30 September

Notes

10 Deferred tax asset

DKK'000	2016/17	2015/16
Deferred tax at the beginning of the year	3,399	2,995
Deferred tax adjustment for the year in the income statement	-595	404
	2,804	3,399

Management has assessed the valuation of the deferred tax asset based on the Company's expectations for the future.

11 Prepayments

Prepayments comprise prepaid expenses regarding rent and insurance.

12 Equity

The share capital consists of 3,102 shares of a nominal value of DKK 1,000 each. All shares rank equally.

There have been no changes in the share capital during the last five years.

13 Deferred income

Deferred income consists of deposit and payment related to gift card.

14 Contractual obligations, contingencies, etc.

Contingent liabilities

The company has rental obligations of DKK 42,236 thousand during the notice period untill 2022.

The company has rent liabilities at a total amount of tDKK 1,017, tDKK 541 are due within 1 year and tDKK 476 are due after 5 years.

15 Mortgages and collateral

Credit facility of DKK 10 million is secured by company pledge in intangible assets, property, plant and equipment, inventories and trade receivables for one supplier.

Credit facility of DKK 10 million is secured by company pledge in intangible assets, property, plant and equipment and inventories for bank facility

Through external bank there has been issued a letter of credit to one supplier with total credit facility of DKK 26 million.

Financial statements 1 October – 30 September

Notes

16 Related party disclosures

Humac A/S' related parties comprise the following:

Control

ReStore Retail Group Limited, Drake Chambers, P.O. Box 3321, Road Town, Tortola, British Virgin Islands, which is the principal shareholder.

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital:

ReStore Retail Group Limited, Drake Chambers, P.O. Box 3321, Road Town, Tortola, British Virgin Islands

Consolidated financial statements

The financial statements of the Company are included in the consolidated financial statements of ReStore Retail Group Limited, Drake Chambers, P.O. Box 3321, Road Town, Tortola, British Virgin Islands.