

Louis Nielsen A/S

Indkildevej 2 A, P.O. Box 7870, DK-9210 Aalborg SØ

CVR no. 13 61 35 75



Annual report 2016/17

Approved at the Company's annual general meeting on

31/7 2017

Chairman:



Susanne Severinsen

EY

Building a better
working world



Contents

Statement by Management on the annual report	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights	6
Management commentary	7
Financial statements for the period 1 March 2016 - 28 February 2017	9
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Notes to the financial statements	13

Statement by Management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of Louis Nielsen A/S for the financial year 1 March 2016 - 28 February 2017.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 28 February 2017 and of the results of the Company's operations for the financial year 1 March 2016 - 28 February 2017.

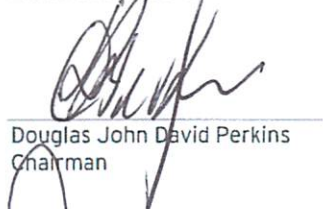
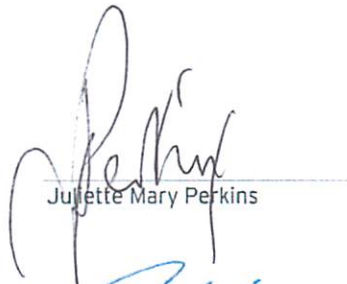
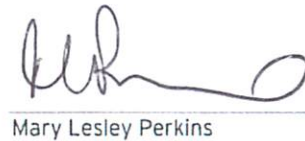
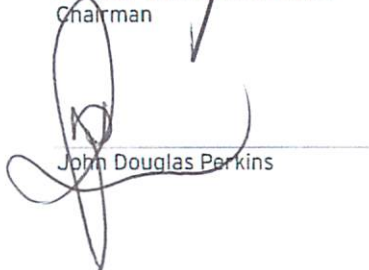
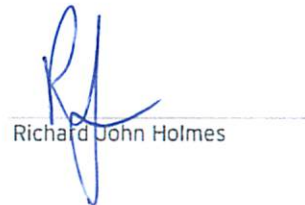
Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Aalborg, 23 June 2017
Executive Board:


John Douglas Perkins
Mads Nygaard

Board of Directors:


Douglas John David Perkins
Chairman
Juliette Mary Perkins
Mary Lesley Perkins
John Douglas Perkins
Mads Nygaard
Richard John Holmes

Independent auditor's report

To the shareholders of Louis Nielsen A/S

Opinion

We have audited the financial statements of Louis Nielsen A/S for the financial year 1 March 2016 - 28 February 2017, which comprise an 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 financial position of the Company at 28 February 2017 and of the results of the Company's operations and cash flows for the financial year 1 March 2016 - 28 February 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 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 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 responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about 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.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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 Company's internal control.

Independent auditor's report

- ▶ 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 conclusion is 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 our procedures, 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.

Aalborg, 23 June 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Hans B. Vistisen
State Authorised
Public Accountant



Management's review

Company details

Name	Louis Nielsen A/S
Address, zip code, city	Indkildevej 2 A, P.O. Box 7870, DK-9210 Aalborg SØ
CVR no.	13 61 35 75
Established	1 November 1989
Registered office	Aalborg
Financial year	1 March - 28 February
Website	www.louisnielsen.dk
Telephone	+45 70 13 01 11
Board of Directors	Douglas John David Perkins, Chairman Juliette Mary Perkins Mary Lesley Perkins John Douglas Perkins Mads Nygaard Richard John Holmes
Executive Board	John Douglas Perkins Mads Nygaard
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A, DK-9000 Aalborg

Management's review

Financial highlights

DKK'000	2016/17	2015/16	2014/15	2013/14	2012/13
Key figures					
Revenue	521,248	490,248	440,582	424,680	379,060
Ordinary operating profit	15,673	14,757	13,415	12,122	10,840
Loss/income from financial income and expenses	252	367	-79	-142	-2,342
Profit for the year	348	1,145	738	5,704	3,984
Investment in tangible assets	1,327	11,017	6,570	2,454	5,446
Total assets	376,612	382,645	357,160	340,334	328,442
Equity	299,173	295,620	285,674	267,677	254,115
Financial ratios					
Operating margin	3.0%	3.0%	3.0%	2.9%	2.9%
Solvency ratio	79.4%	77.3%	80.0%	78.7%	77.4%

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Management commentary

Principal activities of the Company

The Company acts as a management company for the Group's 75 stores that carry on trade with spectacles, contact lenses and other accessories. The Company also owns shares in the 75 stores.

Development in activities and finances

Profit for the year

Revenue and profit for the year only includes the activities which the Company conducts in its capacity as a management company for the Group's 75 stores as well as the shares which the Company owns in the 75 stores.

Revenue and profit accordingly do not contain revenue at DKK 939 million (2015/16 DKK 869 million) and profit for the year at DKK 65 million (2015/16 DKK 51 million) for the 75 stores which the Company owns shares in.

Revenue for the year amounts to DKK 521.2 million compared to DKK 490.2 million last year. The Company reported a profit after tax of DKK 0.3 million compared to DKK 1.1 million last year.

The Management team considers the Company's performance for the year satisfactory and in line with formerly expressed expectations.

Investments

No major investments have been made in the financial year.

Capital resources

Louis Nielsen A/S is well-consolidated. The solvency ratio is 79.4% (2015/16: 77.3%) corresponding to an equity per 28 February 2017 of DKK 299.2 million (2015/16: DKK 295.6 million).

Expected development

The Management team expects to be able to maintain a positive development.

General risks

The Company has no key business risks besides the ones that are characteristic of the industry.

Particular risks

The Company has no special credit, currency or liquidity risk.

Knowledge resources

It is important for the Company to be able to attract and retain the suitable well-educated labour, not least authorized opticians, representing the professional foundation in all shops.

Goals and policies for the under-represented gender

The Company's Board of Directors is presently made up of four men and two women. The Company will make an effort to obtain equal gender distribution no later than 2019, so that the under-represented gender will account for at least 40%. There has been no new election in the Board of Directors during the financial year.

The rest of the Management team is represented by 50% women and 50% men.



Management's review

Management commentary

Corporate Social Responsibility

For the Statutory Statement on Corporate Social Responsibility, cf. section 99a of the Danish Financial Statements Act, please refer to the annual CSR report of the parent company -

https://www.specsavers.co.uk/sites/default/files/uploads/specsavers_annual_review_2016-2017.pdf.

Financial statements for the period 1 March 2016 - 28 February 2017

Income statement

Note	DKK'000	2016/17	2015/16
3	Revenue	521,248	490,248
	Cost of sales	-334,555	-315,799
	Other operating income	167,377	164,088
4	Other external costs	-228,466	-220,280
5	Staff costs	-105,286	-97,640
6,7	Depreciation, amortisation and write-down	-4,643	-4,176
	Other operating costs	-2	-1,684
	Operating profit	15,673	14,757
8	Income/loss from investments	-12,101	-10,440
9	Financial income	571	615
	Financial expenses	-319	-248
	Profit before tax	3,824	4,684
10	Tax on profit for the year	-3,476	-3,539
	Profit for the year	348	1,145

Financial statements for the period 1 March 2016 - 28 February 2017

Balance sheet

Note	DKK'000	2016/17	2015/16
	ASSETS		
	Non-current assets		
6	Intangible assets		
	Goodwill	153	195
	Software	885	1,643
		<u>1,038</u>	<u>1,838</u>
7	Tangible assets		
	Land and buildings	12,634	13,348
	Equipment	6,317	8,029
	Leasehold improvements	688	950
		<u>19,639</u>	<u>22,327</u>
8	Fixed asset investments		
	Investments in subsidiaries	118,220	134,544
11	Amounts owed by subsidiaries	1,306	1,659
11	Other receivables	22,174	23,092
		<u>141,700</u>	<u>159,295</u>
	Total non-current assets	<u>162,377</u>	<u>183,460</u>
	Current assets		
	Inventories		
	Goods for resale	750	641
		<u>750</u>	<u>641</u>
	Receivables		
	Trade receivables	7,987	5,910
	Amounts owed by group enterprises	176,339	161,621
	Other receivables	3,994	4,287
12	Prepayments	3,930	4,083
		<u>192,250</u>	<u>175,901</u>
	Cash at bank and in hand	21,235	22,643
	Total current assets	<u>214,235</u>	<u>199,185</u>
	TOTAL ASSETS	<u>376,612</u>	<u>382,645</u>

Financial statements for the period 1 March 2016 - 28 February 2017

Balance sheet

Note	DKK'000	<u>2016/17</u>	<u>2015/16</u>
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	20,100	20,100
	Retained earnings	<u>279,073</u>	<u>275,520</u>
	Total equity	<u>299,173</u>	<u>295,620</u>
	Provisions		
14	Deferred tax	<u>89</u>	<u>655</u>
	Total provisions	<u>89</u>	<u>655</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	15,218	25,538
	Trade payables to group enterprises	26,974	27,844
15	Corporation tax	687	25
16	Deferred income	51	118
	Other payables	<u>34,420</u>	<u>32,845</u>
		<u>77,350</u>	<u>86,370</u>
	Total liabilities other than provisions	<u>77,350</u>	<u>86,370</u>
	TOTAL EQUITY AND LIABILITIES	<u>376,612</u>	<u>382,645</u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 15 Contractual obligations and contingencies, etc.
- 17 Related party disclosures

Financial statements for the period 1 March 2016 - 28 February 2017

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 March 2015	20,100	265,574	285,674
	Profit on sale of minority shares	0	8,801	8,801
	Transfer, see "Appropriation of profit/loss"	0	1,145	1,145
	Equity at 1 March 2016	20,100	275,520	295,620
	Profit on sale of minority shares	0	3,205	3,205
18	Transfer, see "Appropriation of profit/loss"	0	348	348
	Equity at 28 February 2017	20,100	279,073	299,173

Financial statements for the period 1 March 2016 - 28 February 2017

Notes to the financial statements

1 Accounting policies

The annual report of Louis Nielsen A/S for 2016/17 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

Effective 1 March 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in the following areas:

1. Transactions with non-controlling interests
2. Yearly reassessment of residual values of property, plant and equipment
3. Method applied to intra-group business combinations

Re 1: In future, profit and loss from transactions with non-controlling interests where the Company retains control will be presented as an equity adjustment. Previous year, the profit and loss from transactions with minority shares have been presented in the income statement.

The change has also been applied to the comparative figures and the financial highlights.

The change has a negative impact on profit for the year with DKK 3,205 thousand (2015/16: DKK 8,801 thousand). The change has no impact on equity.

Re 2: In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions¹ with future effect only as a change in accounting estimates with no impact on equity.

The change has no affect on the income statement or the balance sheet for 2016/17 or the comparative figures.

Re 3: In connection with business combinations involving entities controlled by the Company, the book value method is applied going forward, meaning that the combination is considered complete at the time of acquisition without any restatement of comparative figures. Previously, the combination was considered completed at the beginning of the financial year with restatement of comparative figures.

The change has no affect on the income statement or the balance sheet for 2016/17 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Consolidated financial statements have not been prepared as the Group fulfils the exemption provisions relating to sub-groups in section 112 of the Danish Financial Statements Act.

The Company has not prepared a cash flow statement, with reference to section 86 part 4 of the Danish Financial Statements Act.

Louis Nielsen A/S is included in the consolidated financial statements and cash flow statement of Specsavers Holding B.V., the Netherlands.

¹ The executive order on transitional provisions based in connection with the application of certain provisions in the Danish Financial Statements Act, as amended by act no. 738 of 1 June 2015 regarding amendments to the Danish Financial Statements Act and a number of other acts.

Financial statements for the period 1 March 2016 - 28 February 2017

Notes to the financial statements

1 Accounting policies (continued)

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 rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

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

Income statement

Revenue

The Company's revenue is generated by sale of spectacles and contact lenses, etc. and services of administration and corporate functions.

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

Revenue from sales of services comprising administration and corporate functions are recognised in revenue as the services are provided.

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Other operating income

Other operating income comprises items secondary to the Company's activities and includes income from cost sharing, other administration fee, rental income and gain on disposal of land and buildings, plant and equipment.

Other external costs

Other external costs comprise costs for distribution, sale, advertising, administration, premises, bad debt losses, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Profits/losses from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

Financial statements for the period 1 March 2016 - 28 February 2017

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

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

Tax on profit for the year

The parent is covered by the Danish rules on compulsory joint taxation of the Louis Nielsen Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation and up to the date on which they exit the consolidation.

The parent is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year. The tax expense relating to the profit 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.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised on a straight line basis over its estimated useful life of 5-20 years determined on the basis of Management's experience of the specific business areas. Goodwill allocated to subsidiaries is amortised on a straight-line basis over an amortisation period of 20 years, due to that the enterprises are acquired strategically with strong market positions and long-term earnings profiles.

Software

Software is measured at cost less accumulated depreciation and impairment losses. Software is amortised on a straight-line basis over an amortisation period of 3 years.

Land and buildings, equipment and leasehold improvements

Land and buildings, equipment and leasehold improvements 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.

Financial statements for the period 1 March 2016 - 28 February 2017

Notes to the financial statements

1 Accounting policies (continued)

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

Buildings	20 years
Equipment	3-5 years
Leasehold improvements	5 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 amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Gains and losses on the disposal of land and buildings, equipment and leasehold improvements are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in subsidiaries

Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Louis Nielsen A/S are not recognised in the reserve for net revaluation.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains or losses on disposal of subsidiaries are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Financial statements for the period 1 March 2016 - 28 February 2017

Notes to the financial statements

1 Accounting policies (continued)

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, additions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity are recognised in equity.

Non-controlling interests

The impact of transactions with non-controlling interests is recognised directly in equity. Thus, no gain or loss is recognised in the income statement and there is no change in the carrying amount of net assets (including goodwill).

Impairment of non-current assets

The carrying amount of intangible assets, land and buildings and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

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

Inventories

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

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.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

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.

Financial statements for the period 1 March 2016 - 28 February 2017

Notes to the financial statements

1 Accounting policies (continued)

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 arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

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

Deferred tax is measured in accordance with 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.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Financial ratios

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

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$

2 Events after the balance sheet date

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

3 Revenue

Segment information

DKK'000	2016/17	2015/16
Sale of spectacles and contact lenses	353,141	334,092
Administration fee	168,107	156,156
	<u>521,248</u>	<u>490,248</u>

Financial statements for the period 1 March 2016 - 28 February 2017

Notes to the financial statements

DKK'000	2016/17	2015/16
4 Fees paid to auditors appointed at the annual general meeting		
Total fees to EY	971	960
Fee for statutory audit	931	920
Fee for tax advisory services	15	15
Other assistance	25	25
	971	960
5 Staff costs		
Wages and salaries	86,582	82,443
Pensions	6,429	5,726
Other social security costs	1,056	1,155
Other staff costs	11,219	8,316
	105,286	97,640
Average number of full-time employees	122	120

Remuneration of the Executive Board amounts to DKK 2,694 thousand (2015/16: DKK 2,386 thousand).
The Board of Directors does not receive directors' fees.

DKK'000	Goodwill	Software	Total
6 Intangible assets			
Cost at 1 March 2016	1,765	2,275	4,040
Disposals	-180	0	-180
Cost at 28 February 2017	1,585	2,275	3,860
Impairment losses and amortisation at 1 March 2016	1,570	632	2,202
Amortisation	42	758	800
Disposals	-180	0	-180
Impairment losses and amortisation at 28 February 2017	1,432	1,390	2,822
Carrying amount at 28 February 2017	153	885	1,038
Amortised over	5-20 years	3 years	-

Financial statements for the period 1 March 2016 - 28 February 2017

Notes to the financial statements

7 Tangible assets

DKK'000	Land and buildings	Equipment	Leasehold improvements	Total
Cost at 1 March 2016	20,268	17,469	2,038	39,775
Additions	343	984	0	1,327
Disposals	0	-2,192	0	-2,192
Cost at 28 February 2017	20,611	16,261	2,038	38,910
Depreciation at 1 March 2016	6,920	9,440	1,088	17,448
Depreciation	1,057	2,524	262	3,843
Disposals	0	-2,020	0	-2,020
Depreciation at 28 February 2017	7,977	9,944	1,350	19,271
Carrying amount at 28 February 2017	12,634	6,317	688	19,639
Depreciated over	20 years	3-5 years	5 years	-

8 Fixed asset investments

DKK'000	Investments in subsidiaries	Amounts owed by subsidiaries	Other receivables
Cost at 1 March 2016	364,314	1,659	23,092
Additions	480	936	5,577
Disposals	-540	-1,289	-6,495
Cost at 28 February 2017	364,254	1,306	22,174
Value adjustments at 1 March 2016	-229,969	0	0
Adjustments, eliminations, etc.	-417	0	0
Distributed profit	-3,892	0	0
Profit for the year	2,380	0	0
Amortisation of consolidated goodwill	-14,481	0	0
Value adjustments at 28 February 2017	-246,379	0	0
Balance at 28 February 2017	117,875	0	0
Offset negative balance	345	0	0
Carrying amount at 28 February 2017	118,220	1,306	22,174
Non-amortised goodwill at 28 February 2017	111,045		

Financial statements for the period 1 March 2016 - 28 February 2017

Notes to the financial statements

8 Fixed asset investments (continued)

In 2015/16 offset negative balance on investment in subsidiaries amounts to DKK 199 thousand.

Income from investments can be specified as follows:

DKK'000	2016/17
Profit for the year	2,380
Amortisation of consolidated goodwill	-14,481
	<u>-12,101</u>

The Company's investments in subsidiaries are considered to be strategically important to the Company. Due regard being had to the expected plans to increase the level of activity and earnings, the economic life of goodwill has been set at 20 years.

Differences on initial recognition on the subsidiaries total DKK 289,615 thousand, including goodwill of DKK 289,615 thousand.

Name and registered office	Ownership
Louis Nielsen Amager ApS, Aalborg	52%
Louis Nielsen Ballerup ApS, Aalborg	52%
Louis Nielsen Brønderslev ApS, Aalborg	62%
Louis Nielsen Brønshøj ApS, Aalborg	76%
Louis Nielsen City Vest ApS, Aalborg	52%
Louis Nielsen Esbjerg ApS, Aalborg	52%
Louis Nielsen Farum ApS, Aalborg	52%
Louis Nielsen Fredericia ApS, Aalborg	52%
Louis Nielsen Frederiksberg ApS, Aalborg	52%
Louis Nielsen Frederikshavn ApS, Aalborg	52%
Louis Nielsen Frederikssund ApS, Aalborg	52%
Louis Nielsen Faaborg ApS, Aalborg	52%
Louis Nielsen Fisketorvet ApS, Aalborg	52%
Louis Nielsen Glostrup ApS, Aalborg	76%
Louis Nielsen Grenå ApS, Aalborg	52%
Louis Nielsen Grindsted ApS, Aalborg	52%
Louis Nielsen Haderslev ApS, Aalborg	51%
Louis Nielsen Helsingø ApS, Aalborg	52%
Louis Nielsen Helsingør ApS, Aalborg	76%
Louis Nielsen Herlev ApS, Aalborg	76%
Louis Nielsen Herning ApS, Aalborg	66%
Louis Nielsen Hillerød ApS, Aalborg	52%
Louis Nielsen Hjørring ApS, Aalborg	52%
Louis Nielsen Hobro ApS, Aalborg	76%
Louis Nielsen Holbæk ApS, Aalborg	52%
Louis Nielsen Holstebro ApS, Aalborg	52%
Louis Nielsen Horsens ApS, Aalborg	52%
Louis Nielsen Hundige ApS, Aalborg	52%

Financial statements for the period 1 March 2016 - 28 February 2017

Notes to the financial statements

8 Fixed asset investments (continued)

Name and registered office	Ownership
Louis Nielsen Hvidovre ApS, Aalborg	52%
Louis Nielsen Hørsholm ApS, Aalborg	52%
Louis Nielsen Ikast ApS, Aalborg	52%
Louis Nielsen Ishøj DS ApS, Aalborg	100%
Louis Nielsen Kalundborg ApS, Aalborg	76%
Louis Nielsen Kolding ApS, Aalborg	76%
Louis Nielsen Kolding City ApS, Aalborg	52%
Louis Nielsen Korsør ApS, Aalborg	68%
Louis Nielsen Købmagergade ApS, Aalborg	52%
Louis Nielsen Køge ApS, Aalborg	52%
Louis Nielsen Lyngby ApS, Aalborg	52%
Louis Nielsen Middelfart ApS, Aalborg	76%
Louis Nielsen Nykøbing ApS, Aalborg	52%
Louis Nielsen Næstved ApS, Aalborg	52%
Louis Nielsen Odder ApS, Aalborg	76%
Louis Nielsen Odense ApS, Aalborg	52%
Louis Nielsen Randers ApS, Aalborg	52%
Louis Nielsen Ribe ApS, Aalborg	51%
Louis Nielsen Ringkøbing ApS, Aalborg	76%
Louis Nielsen Ringsted ApS, Aalborg	52%
Louis Nielsen Rosengård Centret ApS, Aalborg	52%
Louis Nielsen Roskilde ApS, Aalborg	52%
Louis Nielsen Ryesgade ApS, Aalborg	52%
Louis Nielsen Rønne ApS, Aalborg	76%
Louis Nielsen Silkeborg ApS, Aalborg	52%
Louis Nielsen Skalborg ApS, Aalborg	52%
Louis Nielsen Skanderborg ApS, Aalborg	52%
Louis Nielsen Skive ApS, Aalborg	52%
Louis Nielsen Slagelse ApS, Aalborg	52%
Louis Nielsen Stenløse ApS, Aalborg	76%
Louis Nielsen Svendborg ApS, Aalborg	52%
Louis Nielsen Sønderborg ApS, Aalborg	52%
Louis Nielsen Thisted ApS, Aalborg	52%
Louis Nielsen Tilst ApS, Aalborg	52%
Louis Nielsen Tåstrup ApS, Aalborg	52%
Louis Nielsen Valby ApS, Aalborg	52%
Louis Nielsen Varde ApS, Aalborg	76%
Louis Nielsen Vejen ApS, Aalborg	52%
Louis Nielsen Vejle ApS, Aalborg	52%
Louis Nielsen Viborg ApS, Aalborg	52%
Louis Nielsen Vordingborg ApS, Aalborg	76%
Louis Nielsen Østerbrogade ApS, Aalborg	52%
Louis Nielsen Åbenrå ApS, Aalborg	52%
Louis Nielsen Aalborg ApS, Aalborg	52%

Financial statements for the period 1 March 2016 - 28 February 2017

Notes to the financial statements

DKK'000	2016/17	2015/16
9 Financial income		
Interest income from subsidiaries	23	54
Other financial income	548	561
	<u>571</u>	<u>615</u>
10 Tax on the profit for the year		
Current tax for the year	4,042	3,414
Adjustment of deferred tax	-566	125
	<u>3,476</u>	<u>3,539</u>

11 Fixed asset investments

Of non-current amounts owed by subsidiaries DKK 542 thousand is due within a year.

Of non-current other receivables DKK 1,965 thousand is due within a year.

12 Prepayments

Prepayments comprise of marketing and insurance costs, etc. incurred concerning subsequent financial years.

13 Share capital

The share capital comprises 2,010 shares of DKK 10,000 each. All shares rank equally.

The latest 5-year changes of the share capital are as follows:

DKK'000	2016/17	2015/16	2014/15	2013/14	2012/13
Share capital at 1 March	20,100	20,100	20,100	20,100	20,000
Capital increase by conversion of debt	0	0	0	0	100
	<u>20,100</u>	<u>20,100</u>	<u>20,100</u>	<u>20,100</u>	<u>20,100</u>

The Company owns no treasury shares at the balance sheet date. Nor did it purchase or sell any treasury shares in the financial year.

Financial statements for the period 1 March 2016 - 28 February 2017

Notes to the financial statements

DKK'000	2016/17
14 Deferred tax	
Deferred tax at 1 March	655
Adjustment of the deferred tax charge for the year	-566
Deferred tax at 28 February	89
The deferred tax charge relates to:	
Intangible assets	161
Property, plant and equipment	-139
Current assets	866
Provisions	-799
	89

15 Contractual obligations and contingencies, etc.

Contingent liabilities

Louis Nielsen A/S has issued guarantees of DKK 3,541 thousand to certain subsidiaries and other companies.

Louis Nielsen A/S has issued a general letter of support to subsidiaries.

Rental liabilities

Louis Nielsen A/S has assumed a total rental liability in respect of property of DKK 69,377 thousand (2015/16: DKK 63,467 thousand).

Operating lease obligations

Lease obligations (operating leases) total DKK 7,093 thousand (2015/16: DKK 5,100 thousand).

Liability in the joint taxations arrangement

The parent is jointly taxed with subsidiaries. As the administrative company, the Company has joint and several unlimited liability for Danish corporation taxes and for certain possible withholding taxes such as dividend tax and royalty tax and for the joint registration of VAT. At 28 February 2017, the jointly taxed companies' net liabilities to SKAT amounted to DKK 1,817 thousand. Any subsequent corrections of the taxable income subject to joint taxation may entail that the parent's liability will increase.

16 Deferred income

Deferred income, recognised under "Liabilities", DKK 51 thousand (2015/16: DKK 118 Thousand), consists of payment received in the financial year, which cannot be recognised as revenue until the subsequent financial year.

Financial statements for the period 1 March 2016 - 28 February 2017

Notes to the financial statements

17 Related party disclosures

Louis Nielsen A/S' related parties comprise the following:

Parties exercising control

Specsavers Holding B.V., the Netherlands
Specsavers Nordic Region Limited, Guernsey
Specsavers International Healthcare Limited, Guernsey

Specsavers Holding B.V. holds 100 % of the share capital in the Company.

Specsavers Holding B.V.
Huizermaatweg 320-3222
1276 LJ Huizen
The Netherlands
Registered number 24197657

The consolidated financial statements of Specsavers Holding B.V. are available at the Company's address, Indkildevej 2 A, DK-9210 Aalborg SØ.

Related party transactions

DKK'000	2016/17
Sale of goods and other current assets to subsidiaries	364,867
Sale of goods and other current assets to group entities	120
Income from services including management fee and cost sharing from subsidiaries	197,102
Income from services including management fee and cost sharing from group entities	106,540
Rental and lease income from subsidiaries	28,710
Financing income from subsidiaries	23
Subsidies to subsidiaries	196
Purchase of goods and other current assets from group entities	319,174
Purchase of tangible fixed assets from subsidiaries	45
Expenses for services including management fee and cost sharing to group entities	35,322
Dividend received from subsidiaries	3,892
Receivables from subsidiaries	45,193
Receivables from group entities	132,797
Payables to group entities	26,974

Remuneration/fees to members of the Executive Board and the Board of Directors of the Company are reflected in note 5.

Financial statements for the period 1 March 2016 - 28 February 2017

Notes to the financial statements

	<u>2016/17</u>	<u>2015/16</u>
DKK'000		
18 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Transferred to reserves under equity	348	1,145
	<u>348</u>	<u>1,145</u>