GN Netcom A/S

Annual report 2015

Approved at the annual general meeting
30/ 3 2016

Chairman:

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CVR-no. 15 06 95 11

This report contains 43 pages

GN Netcom A/S, Lautrupbjerg 7, 2750 Ballerup

Contents

Statement by the Board of Directors and the Executive Management

Today, the executive management and the board of directors have discussed and approved the GN Netcom A/S Annual Report 2015.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statement Act.

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position on December 31, 2015 and of the results of the company's operations and cash flows for the financial year January 1 – December 31, 2015.

Further, in our opinion the management's report includes a fair review of the development and performance of the company's business and financial condition, the profit/loss for the year and of the company's financial position, together with a description of the principal risks and uncertainties that the company face.

We recommend that the annual report for 2015 be approved at the annual general meeting.

Ballerup, March 9, 2016

Executive management

René Svendsen-Tune
CEO

Peter Gormsen
CFO

Board of directors

Per Wold-Olsen
(Chairman)

William E. Hoover Jr.
(Deputy chairman)

Hélène Barnekow

Wolfgang Reim

Ronica Wang

Carsten Krogsgaard Thomsen

Morten Bent Urup
(Employee elected)

Kristian Boye Vestergaard
(Employee elected)

Kim Ziersen Jakobsen
(Employee elected)

Independent auditors' report

To the shareholder of GN Netcom A/S

Independent auditors' report on the financial statements

We have audited the financial statements of GN Netcom A/S for the financial year 1 January – 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of equity, statement of cash flow and notes, including a summary of significant accounting policies for the company. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

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 International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, March 9, 2016

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
State Authorized Public Accountant

Anders Stig Lauritsen
State Authorized Public Accountant

Management's report

Company details

Company	GN Netcom A/S Lautrupbjerg 7 2750 Ballerup	
	Phone:	45 75 00 00
	Fax:	45 75 88 89
	Webpage:	www.jabra.com
	CVR.no.:	15 06 95 11
	Started:	30. August 1967
	Location:	Ballerup
	Accounting year:	1. January – 31. December
Board of Directors	Per Wold-Olsen (Chairman) William E. Hoover Jr. *(Deputy Chairman)* Hélène Barnekow Wolfgang Reim Ronica Wang Carsten Krogsgaard Thomsen Morten Bent Urup *(Employee elected member)* Kristian Boye Vestergaard *(Employee elected member)* Kim Ziersen Jakobsen *(Employee elected member)*	
Executive management	René Svendsen-Tune, CEO Peter Gormsen, CFO	
Auditors	Ernst & Young, Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4 2000 Frederiksberg	
Ownership	The company is 100% owned by GN Store Nord A/S, Lautrupbjerg 7, 2750 Ballerup, Denmark.	

Management's report

Financial highlights

Highlights and key ratios

DKK '000	2015	2014	2013	2012	2011
Highligths					
Revenue	2.522.047	2.317.067	2.093.193	1.760.293	1.569.947
Gross Profit	1.040.224	1.025.909	893.129	760.511	725.499
Operating profit (loss)	411.635	440.140	393.839	279.596	239.777
Profit (loss) from financial income and expenses	53.340	65.950	37.657	49.090	11.044
Profit (loss) for the year	**326.953**	**341.704**	**385.044**	**182.815**	**164.439**
Total Assets	**4.320.480**	**3.013.965**	**2.507.146**	**2.124.451**	**1.940.637**
Equity	**2.641.939**	**2.274.133**	**1.921.464**	**1.553.899**	**1.378.687**
Investments in tangible assets	33.886	32.239	20.819	17.329	13.105
Key ratios in %					
EBITA margin	16,3	19,1	18,8	15,9	15,3
Gross margin	41,2	44,3	42,7	43,2	46,2
ROIC	14,3	15,7	18,1	10,2	11,1
Equity ratio	61,1	76,7	76,6	73,1	71,0
Return on Equity (ROE)	13,3	17,8	22,2	12,5	13,3

* Financial ratios from 2011 - 2013 have not been restated in accordance with IFRS.

Management's report

Business development

Principal activities of the Company

Through its Jabra brand, GN Netcom is a world leader in the development, manufacturing and marketing of headsets and speakerphones. With a reputation for innovation, reliability, and ease of use that goes back more than two decades, GN Netcom's consumer and business divisions produce corded and wireless communication and audio solutions that empower individuals and businesses through increased freedom of movement, comfort and functionality. GN Netcom employs approximately 1,000 people worldwide.

Development in activities and financial matters

GN Netcom's revenue for 2015 ended at DKK 2,522 mill, which is a growth of 9% compared to 2014.

The first half of 2015 saw unusually soft CC&O market conditions but, as projected, a return to normal market conditions in the second half of 2015. The growth prospects of the UC market remain highly attractive, supported by significant investments made by the UC infrastructure vendors during 2015. This includes Microsoft's transition from Microsoft Lync to Microsoft Skype for Business with cloud capabilities decreasing the need for investments in server hardware etc., thus promoting further adoption of UC by making UC even more accessible to Small and Medium-sized Enterprises. During 2015, GN Netcom strengthened its position as the world's leading UC supplier.

The Mobile market saw a significant double digit decline in the Bluetooth mono segment and very high growth in the Sports Audio market segment.

In line with the strategy 2014 – 2016: INNOVATION & GROWTH, GN Netcom continued to invest in future growth opportunities, and during the year GN Netcom launched several innovative products that will fuel growth in both CC&O and Mobile in 2016 and beyond. The performance in the UC segment demonstrated the strength of GN Netcom's innovative product portfolio. Among other, the recently launched Jabra Evolve™ product series was a major contributor to the growth. Especially the high-end Jabra Evolve™ 80 proved its relevance and allowed GN Netcom to establish a new price point in the UC segment. The product portfolio was expanded during the year with the introduction of the Jabra Speak™ 810, extending the Jabra speakerphones into medium-sized meeting rooms. This new category is expected to generate solid growth as its personal speakerphone family members have done in recent years.

In 2015, the Mobile business launched two additional products in the fast-growing Sports Audio segment. The two new products, Jabra Sport Coach™ Wireless and Jabra Sport Pace™ Wireless, follow Jabra Sport Pulse™ Wireless (launched in 2014), and Jabra now offers the strongest Sports Audio headset portfolio in the market. The focus on Sports Audio solutions is part of the continued efforts to position the Mobile division towards faster growing segments of the market. Overall, the impact of the Jabra Sport Wireless family of products combined with increased investments in in-store marketing have delivered very good results in 2015.

GN Netcom delivered a gross profit margin of 41%, (44% in 2014). Profit for the year ended at DKK 327 mill. compared to DKK 342 mill. in 2014 and the cash flow from operating and investing activities on DKK 255 mill. compared to DKK 443 mill. in 2014.

The result is in alignment with the expectations for 2015, and management assess the result as satisfying.

Management's report

Market projections

CC&O

GN Netcom is estimated to have maintained its market share in the global CC&O market in 2015. The market grew slower than anticipated when entering the year. The unusual market conditions during the first half of the year reflected a number of factors, including Microsoft's introduction of Skype for Business, which appeared to have created some short-term uncertainty around the UC solution and led corporations to slow down UC deployments temporarily. Additionally, the IT industry generally reported temporarily weak market conditions in the first half of the year.

The total CC&O market size is estimated to be around USD 1.3 billion in 2015. Long-term growth in the CC&O market is supported by the expected further adoption of UC, driven by proliferation of software-based desktop communication clients, productivity benefits, including hands free communication and an efficient work environment with a growing number of open workspaces.

Mobile

The Bluetooth stereo market has grown at double digit rates in 2015 fueled by more than 100% growth in Sports Audio, where GN Netcom has a strong competitive product portfolio.
The Bluetooth mono headset showed a significantly weaker than expected development in 2015. It is estimated that around a quarter of the market disappeared from 2014 to 2015 as consumers traded away from this headset category.

Risk management

Facilitated and supported by GN's risk management function, key risks are identified and assessed by GN's management teams on a regular basis across the entire value chain.

The global management teams in GN Netcom subsequently meet to evaluate the most significant risks identified across the two businesses and to determine whether any additional or different actions should be taken in order to mitigate them or turn them into opportunities.

At least once a year, the risks that are assessed to be the most material are reported to and discussed with the audit committee and subsequently the board. This process is also used to identify specific risk areas to be analyzed in further detail. To exemplify, GN has undertaken a deep-dive analysis into key supply chain and information security risks during 2015, both of which have been evaluated with the audit committee and led to specific initiatives to further reduce the risk level.

The overall aim of this integrated approach to risk management is to enable GN to reap the rewards of more coordinated, controlled and intelligent risk-taking.

General risks

GN Netcom A/S' significant operating risk is linked to its ability to develop innovative new products in a cost effective platform and the ability to sell these products in key markets.

Financial risk

GN Netcom A/S is as a result of its operating, investing and financing activities exposed to various financial risks. GN Group has centralized the management of financial risks.

The financial risks are handled in accordance with the general guidelines for financial risk management, as set out in GN Store Nord's fiscal policy.

Management's report

The financial risks of GN Netcom A/S can be outline as follows:

Interest rate risk
GN Netcom has no interest-bearing debt but net positive cash positions. Changes in interest rates are not expected to have any material effect on earnings.

Risks associated with distribution
GN Netcom constantly seeks to maintain an optimal inventory level that balances the desire for low working capital with the risk that the company cannot meet market demand.

GN Netcom closely monitor the credit risks relating to receivables and thus the customers' payment behavior and assesses not to have significant credit risks concerning individual customers or business partners.

Corporate Social Responsibility

Environment
As a part of GN Store Nord, GN Netcom A/S follow the guidelines of the group. In 2013, GN established a climate partnership with Dong Energy to ensure that GN continues to decrease its electricity spending while investing in sustainable initiatives.

People
On a yearly basis a survey is conducted on employee's wellbeing with response rates around 95%. The results show an engaged and committed workforce. Strong emphasis is put on managers and teams at all levels work to identify and execute action plans to constantly improve GN as a workplace.

Supplier audit
Each year, a number of audits is conducted from GN Store Nord at its suppliers among others with the focus on ensuring that GN's standards on corporate responsibility are reflected in the suppliers' business conduct. Any findings are mitigated through action plans provided by the individual supplier.

Operations
Carefully selected subcontractors in China manufacture all of GN Netcom's hardware and most components are sourced from Asian suppliers. GN Netcom is working with approximately 10 tier-one manufacturers supported by more than 100 sub-suppliers in order to produce the comprehensive variety of products in the product portfolio.
To optimize lead-time, the CC&O division maintains a regional presence at three regional warehouses located in the USA, the Netherlands and Hong Kong. The global distribution of GN Netcom's products is handled by one partner responsible for the entire process – from leaving the factories via warehouses to the final delivery to the specific customer.
The Mobile division is mainly operating as a configure-to-order business where customers in North America, Europe and Asia are supplied through a single Asia-based center. This set-up enables the Mobile division to operate with low inventories and to be more responsive to changes in demand at a lower risk.

Research and development activities
GN Netcom has two R&D facilities, one based in Ballerup, Denmark and one based in Xiamen, China. Throughout 2015, GN Netcom's product development focused on cementing Jabra's position as the world leader within professional headsets through the core competencies of wireless technology and intelligent audio solutions. As exemplified by the recent launches of Jabra Speak 810, Jabra Sport Coach Wireless, Jabra Sport Pace Wireless and Jabra Eclipse™, the innovation in headsets and earbuds continued with high pace based on extensive research into customer needs and focused on delivering outstanding user benefits.

In recent years, software has become increasingly important in the development of intelligent headsets and earbuds. The distinctive functionalities of directional microphones that eliminate background noise or apps used for sport coaching are examples of software technology being critically important for delivering product benefits. Software is also an important contributor in delivering excellent sound experience as exemplified by the integration of Dolby sound in products like Jabra Sport Pulse Wireless or Jabra Sport Rox™ Wireless.

Management's report

Corporate Goverance

According to the Danish Financial Statements Act paragraph §99 a. section 7 the company has not prepared statement on social responsibility in the annual report for 2015, as the statement contained in the consolidated financial statements of GN Store Nord A/S

The board of directors fundamentally believes that diversity strengthens any governing body and acknowledges the importance of diversity in general, including diversity of gender, nationality and competencies. In 2012 the board of directors declared a goal to see one to two women elected for the board by the end of 2017. Since then, Hélène Barnekow was elected for the board at the annual general meeting in 2013, and Ronica Wang was elected in 2015. Now the board of directors aims to have three female board members by the end of 2020.

Moreover, the company follows an action plan to increase the number of women in senior management positions. Special attention to this area is given in GN's yearly talent review and successor planning process, in talent development practices, recruitment procedures and leadership development.

Events after the balance sheet date

No further events has happened during the period after the balance sheet date that have a material impact on the assessment of the company's financial position at the balance sheet date.

Outlook 2016

Based on continued strategy execution and attractive market conditions, GN Netcom expects organic revenue growth of 7 - 10% in 2016.

GN Netcom's strong revenue growth is expected to lead to improved EBITA in 2016 compared to 2015. GN Netcom's strong execution on the strategy 2014 – 2016, INNOVATION & GROWTH, is driving the profitable growth.

Key Ratios

Key ratios are calculated in accordance with The Danish Finance Society's guidelines on the calculations of financial ratios "Recommendations and Key Ratios 2015".

The Key ratios stated in the financial highlights have been calculated accordingly:

EBITA Margin	$\frac{\text{Operating profit (loss)} * 100}{\text{Revenue}}$
Gross Margin	$\frac{\textit{Gross profit (loss)} * 100}{\textit{Revenue}}$
Return on Investment (invested capital	$\frac{\textit{Operating profit (loss)} * 100}{\textit{Average invested capital}}$
Equity Ratio	$\frac{\textit{Total equity} * 100}{\textit{Total assets}}$
Return on Equity (ROE)	$\frac{\textit{Profit (loss) for the year} * 100}{\textit{Average equity}}$

INCOME STATEMENT

DKK '000	Note	2015	2014
Revenue	2.1	2.522.047	2.317.067
Production costs	3.3, 3.6	(1.481.823)	(1.291.158)
Gross profit		**1.040.224**	**1.025.909**
Development costs	3.3	(197.372)	(191.227)
Selling and distribution costs	3.3	(321.751)	(284.542)
Management and administrative expenses	3.3, 5.4	(118.322)	(115.787)
Other operating income and costs, net		8.856	5.787
EBITA		**411.635**	**440.140**
Operating profit (loss)		**411.635**	**440.140**
Financial income	4.2	55.383	57.126
Financial expenses	4.2	(57.426)	(48.302)
Profit (loss) before tax		**409.592**	**448.964**
Tax on profit (loss)	2.3	(82.639)	(107.260)
Profit (loss) for the year		**326.953**	**341.704**
Proposed profit appropriation/distribution of loss			
Retained earnings		326.953	341.704
		326.953	**341.704**

STATEMENT OF COMPREHENSIVE INCOME

DKK '000	Note	2015	2014
Profit (loss) for the year		**326.953**	**341.704**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Adjustment of cash flow hedges		2.214	2.187
Foreign exchange adjustments, etc.		(2.289)	(9.686)
Tax relating to these items of other comprehensive income	2.3	18	1.836
Other comprehensive income for the year, net of tax		**(57)**	**(5.663)**
Total comprehensive income for the year		**326.896**	**336.041**

BALANCE SHEET AT DECEMBER 31

DKK '000	Note	2015	2014	01.01.2014
ASSETS				
Intangible assets	3.1	241.486	182.930	143.921
Property, plant and equipment	3.2	54.558	42.393	28.332
Investments in subsidiaries	3.4	1.182.351	382.239	382.239
Amounts owed by subsidiaries and group companies		10.202	6.124	1.431
Total non-current assets		**1.488.597**	**613.686**	**555.923**
Inventories	3.6	222.231	195.415	206.333
Trade receivables	3.7, 4.1	142.932	149.826	112.681
Amounts owed by subsidiaries and group companies		2.409.129	2.046.117	1.576.048
Tax receivables	2.3	5.479	-	14.457
Other receivables	4.1	52.084	8.921	19.282
Cash and cash equivalents		28	-	334
Total current assets		**2.831.883**	**2.400.279**	**1.929.135**
Total assets		**4.320.480**	**3.013.965**	**2.485.058**
EQUITY AND LIABILITIES				
Share capital		33.886	33.648	33.394
Other reserves		4.255	2.561	911
Retained earnings		2.603.798	2.237.924	1.865.071
Total equity		**2.641.939**	**2.274.133**	**1.899.376**
Provisions	3.5	26.093	57.925	32.785
Deferred tax liabilities	2.3	31.265	20.103	15.931
Amounts owed to Subsidiaries and group companies		852.233	39.874	38.833
Total non-current liabilities		**909.591**	**117.902**	**87.549**
Bank loans	4.1	4.070	7	19.841
Trade payables	4.1	365.864	314.383	252.084
Tax payables	2.3	-	2.355	-
Amounts owed to Subsidiaries and group companies		292.949	186.398	126.214
Provisions	3.5	5.395	4.388	4.912
Other payables		100.672	114.399	95.082
Total current liabilities		**768.950**	**621.930**	**498.133**
Total equity and liabilities		**4.320.480**	**3.013.965**	**2.485.058**

STATEMENT OF CASH FLOW

DKK '000	Note	2015	2014
Operating activities			
Operating profit (loss)		411.635	440.140
Depreciation, amortization and impairment		115.684	105.597
Other non-cash adjustments	5.3	6.583	41.235
Cash flow from operating activities before changes in working capital		**533.902**	**586.972**
Change in inventories		(37.015)	1.845
Change in receivables		(40.257)	(28.133)
Change in trade payables and other payables		39.966	83.805
Total changes in working capital		**(37.306)**	**57.517**
Cash flow from operating activities before financial items and tax		**496.596**	**644.489**
Interest and dividends, etc., received		31.898	36.177
Interest etc. paid		(13.565)	(662)
Tax paid, net		(73.680)	(78.523)
Cash flow from operating activities		**441.249**	**601.481**
Investing activities			
Investments in intangible assets, excluding development projects		(14.516)	(8.155)
Development projects		(138.019)	(118.273)
Investments in property, plant and equipment		(33.886)	(32.238)
Cash flow from investing activities		**(186.421)**	**(158.666)**
Cash flow from operating and investing activities (free cash flow)		**254.828**	**442.815**
Financing activities			
Increase/(decrease) of short-term loans		4.070	(19.841)
Share-based payment (exercised)		26.462	26.521
Increase/(decrease) of intercompany transactions		(263.151)	(413.537)
Other adjustments		(22.181)	(36.298)
Cash flow from financing activities		**(254.800)**	**(443.155)**
Net cash flow		**28**	**(340)**
Cash and cash equivalents, beginning of period		-	340
Cash and cash equivalents, end of period		**28**	**-**

STATEMENT OF EQUITY

DKK '000	Share capital (shares of DKK 100 each)	Hedging reserve	Retained earnings	Total equity
Balance sheet total at January 1, 2014	**33.394**	**911**	**1.865.071**	**1.899.376**
Profit (loss) for the period	-	-	341.704	341.704
Adjustment of cash flow hedges	-	2.187	-	2.187
Foreign exchange adjustments, etc.	-	-	(9.686)	(9.686)
Tax relating to other comprehensive income	-	(537)	2.373	1.836
Total comprehensive income for the year	-	1.650	334.391	336.041
Increase of share capital	254	-	26.267	26.521
Share-based payment (granted)	-	-	6.278	6.278
Tax related to share-based incentive plans	-	-	5.917	5.917
Balance sheet total at December 31, 2014	**33.648**	**2.561**	**2.237.924**	**2.274.133**
Profit (loss) for the period	-	-	326.953	326.953
Adjustment of cash flow hedges	-	2.214	-	2.214
Foreign exchange adjustments, etc.	-	-	(2.289)	(2.289)
Tax relating to other comprehensive income	-	(520)	538	18
Total comprehensive income for the year	-	1.694	325.202	326.896
Increase of share capital	238	-	26.223	26.461
Share-based payment (granted)	-	-	8.836	8.836
Tax related to share-based incentive plans	-	-	5.613	5.613
Balance sheet total at December 31, 2015	**33.886**	**4.255**	**2.603.798**	**2.641.939**

The share capital has increased with kDKK 1,967 in 2011, kDKK 162 in 2012, kDKK 205 i 2013, kDKK 254 in 2014 and kDKK 238 in 2015.

SECTION 1
Basis of preparation

In order to make the annual report more reader friendly the notes have been grouped in sections. Furthermore, each note include the accounting policies and significant accounting estimates applicable to the relevant notes. The description of the accounting policies in the notes are part of the complete description of GN Netcom's accounting policies. The notes are grouped in these five sections:

Section 1 Basis of preparation
Section 2 Results for the year
Section 3 Operating assets and liabilities
Section 4 Capital structure and financing items
Section 5 Other disclosures

Included in Section 1 are required disclosures and general accounting policies, including management's judgments and estimates under International Financial Reporting Standards (IFRS), relevant for the understanding of the basis of preparation of the consolidated financial statements of GN Netcom A/S.

New or revised EU endorsed accounting standards and interpretations are described in addition to how these changes are expected to impact the financial performance and reporting of the GN Netcom Gr.

Revenue

Revenue from sale of goods and rendering of services is recognized in the income statement provided that delivery and 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. Extended warranties are separated from the sale of goods and recognized on a straight-line basis over the term of the contract. The value of extended warranties that is not separately priced is estimated. Revenue is measured excluding VAT, taxes and granted cash and quantity discounts in relation to the sale and expected returns of goods. The portion of goods sold that is expected to be returned is determined based on historical product returns data.

Development costs
Development costs comprise costs, salaries, and depreciation of operating assets and equipment directly or indirectly attributable to the Company's development activities. Furthermore, amortization and write-down of capitalized development projects are included.

Production Costs
Production costs comprise costs, including depreciation and salaries, incurred in generating the revenue for the year. Production costs include direct and indirect costs for raw materials and consumables, wages and salaries, maintenance and depreciation and impairment of production plant and costs and expenses relating to the operation, administration and management of factories. Also included are inventory write-downs.

Selling and Distribution Costs
Selling and distribution costs comprise costs relating to the sale and distribution of products and services, including salaries, sales commissions, advertising and marketing costs, depreciation and impairment, etc. Also included are losses on trade receivables.

Management and Administrative Expenses
Management and administrative expenses comprise expenses incurred for management and administration. Administrative expenses include office expenses, depreciation and impairment, etc.

Other Operating Income and Costs
Other operating income and costs comprise items secondary to the principal activities of the enterprises.

! Significant accounting estimates
Revenue Recognition
Significant accounting estimates and judgments involve determining the portion of expected returns of goods. The portion of goods sold that is expected to be returned is estimated based on historical product returns data.

1.1 GENERAL ACCOUNTING POLICIES

The annual report of GN Netcom for 2015 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Danish disclosure requirements for annual reports of listed companies. In addition, the annual report has been prepared in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

The financial statements are presented in Danish kroner (DKK), rounded to the nearest DKK 1,000. The Company's functional currency is DKK.

These financial statements are the first to be presented in accordance with IFRS. On transition, IFRS 1, First-time Adoption of IFRS has been applied. The accounting impact from transition to IFRS is detailed in section 1

The annual report has been prepared in accordance with the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative financial instruments at fair value.

Adoption of new and revised accounting standards

GN Netcom has adopted all the relevant new and revised International Financial Reporting Standards and IFRIC Interpretations effective as of January 1, 2015. The new and revised Standards and Interpretations did not affect recognition and measurement materially nor did they result in any material changes to disclosures in the notes. Apart from these minor changes, the annual report is presented in accordance with the accounting policies applied in previous years' annual reports.

Accounting standards not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015, or have not yet been adopted by the EU, and have not been applied in preparing this annual report. Those, which may be relevant to GN Netcom, are the following:

• IFRS 16 Leases applies to periods beginning on or after January 1, 2019. The effects of the standard have not yet been analyzed in detail and the financial impact of the new standard will depend on the lease agreements in effect at the time of adoption. However, as the company does not have any material lease agreements the standard is only expected to have limited effect on recognition and measurement.

• IFRS 9 Financial Instruments applies to annual periods beginning on or after January 1, 2018. The standard is only expected to have a limited effect on recognition and measurement of financial assets. Disclosure in the financial statements will change slightly as the classification of financial assets will be simplified to include only two categories: Financial assets measured at either amortized cost or fair value. The additions to IFRS 9 regarding financial liability accounting are not expected to affect the financial reporting.

• IFRS 15 Revenue from Contracts with Customers applies to annual periods beginning on or after January 1, 2018. The standard is only expected to have a very limited effect on the revenue recognition in GN Netcom. GN Netcom's existing accounting policy for revenue recognition is based on transfer of risk to the buyer whereas revenue recognition according to IFRS 15 will be based on transfer of control to the buyer. This change is not expected to affect the timing of revenue recognition in GN Netcom.

GN Netcom expects to adopt the mentioned standards and interpretations as of the effective dates.

Translation of Transactions and Amounts

On initial recognition, transactions denominated in foreign currencies are translated to DKK 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 recognized in the income statement as financial income or financial expenses. Receivables, 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 recognized in the latest annual report is recognized in the income statement as financial income or financial expenses.

Translation of Subsidiaries

Foreign exchange adjustment of balances with foreign entities that are considered part of the investment in the entity are recognized in other comprehensive income in the consolidated financial statements under a separate translation reserve.

Cash Flow Statement

The cash flow statement is presented using the indirect method based on the operating profit (loss). The cash flow statement shows the cash flow from operating, investing and financing activities for the year and the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities comprises cash flow from the year's operations adjusted for non-cash operating items and changes in working capital. Working capital comprises current assets excluding items stated as cash and cash equivalents and excluding tax receivable, as well as current liabilities excluding bank loans, tax payable and provisions.

Cash flow from investing activities comprises payments in connection with acquisitions and disposals of enterprises and activities, acquisitions and disposals of intangible assets, property, plant and equipment and other non-current assets and acquisitions and disposals of securities that are not included in cash and cash equivalents.

Cash flow from financing activities comprises changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders.
Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less and are subject to an insignificant risk of changes in value.

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The recognition of certain items of income and expenses and the determination of the carrying amount of certain assets and liabilities implies making accounting estimates and judgments. Significant accounting estimates and judgments comprise revenue recognition, computation of amortization, depreciation and impairment, useful lives and remaining useful lives of non-current assets. Furthermore, recognition of pension obligations and similar non-current obligations, provisions, contingent assets and liabilities as well as measurement of investment in associates recquires significant accounting estimates and judgments.

The estimates used are based on assumptions, which by Management are deemed reliable, but by nature are associated with uncertainty. The assumptions may be incomplete or incorrect, and unexpected events or circumstances may arise. Accordingly, the Company is subject to risks and uncertainties that may lead to a situation where actual results differ from estimates.

A description of significant accounting estimates and judgments is included in the relevant notes:
2.4 Tax
3.1 Intangible assets
3.5 Provisions
3.6 Inventories
3.7 Trade receivables
5.5 Contingent liabilities, other financial liabilities and contingent assets

1.3 First-time adoption of IFRS

GN Netcom A/S presents its financial statements in accordance with International Financial Reporting Standard (IFRS) as adopted by the EU.

According to IFRS 1, the opening balance sheet at 1 January 2014 and comparatives for 2014 have been prepared in accordance with the IFRSs/IASs and IFRICs/SICs that were in force and effect at 31 December 2015. The opening balance sheet at 1 January 2014 has been prepared as if said standards and interpretations had always been applied.

The transition to IFRS has implied the following changes for the company:

Investments in subsidiaries are measured at cost. These were previously measured at net asset value. The effects for the company are as follows:

From 2014, dividends received from subsidiaries are recognised in the company's statement of comprehensive income as financial income.

Reclassifications

The following reclassifications and changes in the layout have been made, including restatement of comparatives for 2014.
The assets are presented as either long-term or short-term assets, whereas they were previously presented as non-current and current assets.
The reclassifications have not impacted the profit for the year or equity.

Cash flow statement

No separate cash flow statement has previously been prepared for the company. The cash flow statement presented in accordance with IFRS corresponds to a cash flow statement for the company under Danish regulations, had it been prepared

Reconciliation of equity as at 1 January 2014 (date of transition to IFRS).

DKK '000	Note	Local GAAP	Re-measurement	IFRS as at 1 January 2014
ASSETS				
Intangible assets	3.1	143.921	-	143.921
Property, plant and equipment	3.2	28.332	-	28.332
Investments in subsidiaries	3.4	404.327	(22.088)	382.239
Amounts owed by subsidiaries and group companies		1.431	-	1.431
Total non-current assets		**578.011**	**(22.088)**	**555.923**
Inventories	3.6	206.333	-	206.333
Trade receivables	3.7, 4.1	112.681	-	112.681
Amounts owed by subsidiaries and group enterprises		1.576.048	-	1.576.048
Tax receivables	2.3	14.457	-	14.457
Other receivables	4.1	19.282	-	19.282
Cash and cash equivalents		334	-	334
Total current assets		**1.929.135**	**-**	**1.929.135**
Total assets		**2.507.146**	**(22.088)**	**2.485.058**
EQUITY AND LIABILITIES				
Share capital		33.394	-	33.394
Retained earnings		1.888.070	(22.088)	1.865.982
Total equity		**1.921.464**	**(22.088)**	**1.899.376**
Provisions	3.5	37.697	(4.912)	32.785
Deferred tax liabilities	2.3	15.931	-	15.931
Amounts owed to Subsidiaries and group companies		38.833	-	38.833
Total non-current liabilities		**92.461**	**(4.912)**	**87.549**
Bank loans	4.1	19.841	-	19.841
Trade payables	4.1	252.084	-	252.084
Amounts owed to Subsidiaries and group companies		126.214	-	126.214
Provisions	3.5	-	4.912	4.912
Other payables		95.082	-	95.082
Total current liabilities		**493.221**	**4.912**	**498.133**
Total equity and liabilities		**2.507.146**	**(22.088)**	**2.485.058**

Reconciliation of equity as at 31 December 2014.

DKK '000	Note	Local GAAP	Re-measurement	IFRS as at 31 December 2014
ASSETS				
Intangible assets	3.1	182.930	-	182.930
Property, plant and equipment	3.2	42.393	-	42.393
Investments in subsidiaries	3.4	536.595	(154.356)	382.239
Amounts owed by subsidiaries		6.747	(623)	6.124
Total non-current assets		**768.665**	**(154.979)**	**613.686**
Inventories	3.6	195.415	-	195.415
Trade receivables	3.7, 4.1	149.826	-	149.826
Amounts owed by subsidiaries and group enterprises		2.046.117	-	2.046.117
Other receivables	4.1	8.921	-	8.921
Cash and cash equivalents		-	-	-
Total current assets		**2.400.279**	**-**	**2.400.279**
Total assets		**3.168.944**	**(154.979)**	**3.013.965**
EQUITY AND LIABILITIES				
Share capital		33.648	-	33.648
Retained earnings		2.396.055	(155.570)	2.240.485
Total equity		**2.429.703**	**(155.570)**	**2.274.133**
Provisions	3.5	61.722	(3.797)	57.925
Deferred tax liabilities	2.3	20.103	-	20.103
Amounts owed to Subsidiaries and group companies		39.874	-	39.874
Total non-current liabilities		**121.699**	**(3.797)**	**117.902**
Bank loans	4.1	7	-	7
Trade payables	4.1	314.383	-	314.383
Tax payables	2.3	2.355	-	2.355
Amounts owed to Subsidiaries and group companies		186.398	-	186.398
Provisions	3.5	-	4.388	4.388
Other payables		114.399	-	114.399
Total current liabilities		**617.542**	**4.388**	**621.930**
Total equity and liabilities		**3.168.944**	**(154.979)**	**3.013.965**

Reconciliation of total comprehensive income for the year ended 31 December 2014.

DKK '000	Note	Local GAAP	Re-measurement	IFRS for the year ended 31 December 2014
Revenue	2.1	2.317.067	-	2.317.067
Production costs	2.4, 3.3, 3.6	(1.290.998)	(160)	(1.291.158)
Gross profit		**1.026.069**	**(160)**	**1.025.909**
Development costs	2.4, 3.3	(191.226)	(1)	(191.227)
Selling and distribution costs	2.4, 3.3	(282.016)	(2.526)	(284.542)
Management and administrative expenses	2.4, 3.3, 5.4	(115.645)	(142)	(115.787)
Other operating income and costs, net		5.787	-	5.787
EBITA		**442.969**	**(2.829)**	**440.140**
Operating profit (loss)		**442.969**	**(2.829)**	**440.140**
Share of profit (loss) in associates/Subsidiaries		53.549	(53.549)	-
Financial income	4.2	47.106	10.020	57.126
Financial expenses	4.2	(48.302)	-	(48.302)
Profit (loss) before tax		**495.322**	**(46.358)**	**448.964**
Tax on profit (loss)	2.3	(107.260)	-	(107.260)
Profit (loss) for the year		**388.062**	**(46.358)**	**341.704**

2.1 GEOGRAPHICAL INFORMATION

DKK '000	Revenue		Intangible assets and property, plant and equipment	
	2015	2014	2015	2014
Denmark	92.174	85.594	252.358	190.938
Rest of Europe	1.206.074	1.193.437	-	-
North America	742.759	613.046	-	-
Asia and rest of world	481.040	424.990	43.686	34.385
Consolidated Total	**2.522.047**	**2.317.067**	**296.044**	**225.323**

Revenues are attributed to countries on the basis of the customer's location. Intangible assets and property, plant and equipment are attributed based on the physical location of the assets.

§ Accounting policies
Segment Information
GN Store Nord's management has identified GN Netcom and GN ReSound as the reportable segments in the Group. GN Netcom is selling hands-free communications solutions in the form of headsets for mobile phones and traditional phones. GN ReSound is operating within the hearing instrument industry, primarily producing and selling hearing instruments and products related hereto. Therefore seperate segment disclousure is not relevant in the local GN Netcom A/S accounts

Segment information is based on the Group's Accounting Policies. In the Group, segment performance is evaluated on the basis of EBITA as defined under key ratio definitions. Segment revenue and expense and segment assets and liabilities comprise items directly attributable to a segment and items that can be allocated to a segment on a reasonable basis.

2.2 STAFF COSTS

DKK '000	2015	2014
Wages, salaries and remuneration	(260.081)	(253.580)
Pensions	(17.137)	(16.762)
Other social security costs	(2.365)	(2.142)
Share-based payments	(8.836)	(6.278)
Total	**(288.419)**	**(278.762)**
Included in:		
Production costs	(25.418)	(29.147)
Development costs	(109.843)	(102.803)
Selling and distribution costs	(102.741)	(95.209)
Management and administrative expenses	(50.417)	(51.603)
Total	**(288.419)**	**(278.762)**
Average number of employees	337	335
Number of employees, year-end	353	344
The full-year remuneration of the Board of Directors is as follows:	1.125	1.125

Executive Management remuneration can be specified as follows:

	2015				2014			
DKK '000	**Fixed salary**	**Bonus**	**Share-based payments**	**Total**	**Fixed salary**	**Bonus**	**Share-based payments**	**Total**
René Svendsen-Tune, CEO of GN Netcom from April 1, 2015	(4.258)	(2.063)	(617)	(6.938)	-	-	-	-
Niels Svenningsen, CEO of GN Netcom until March 31, 2015	(1.167)	(1.579)	(171)	(2.917)	(4.639)	(2.049)	(611)	(7.299)
Peter Gormsen, CFO of GN Netcom from December 1, 2015	(162)	(439)	-	(601)	-	-	-	-
Tom Zachariassen, CFO of GN Netcom until November 31, 2015	(3.420)	(414)	(422)	(4.256)	(1.543)	(320)	(185)	(2.048)
Total	**(9.007)**	**(4.495)**	**(1.210)**	**(14.712)**	**(6.182)**	**(2.369)**	**(796)**	**(9.347)**

The total remuneration of the Executive Management is based on the "General Guidelines for Incentive Pay to Management", as adopted at GN´s Annual General Meeting. The total remuneration of the Executive Management increased by 57% or kDKK 5,365 from 2014 to 2015. The change of CEO in GN Netcom as of April 1, 2015 is reflected in these numbers with remuneration to the former CEO Niels Svenningsen for the first 3 months of 2015 and remuneration to the current CEO René Svendsen-Tune for the remaining 9 months of 2015.

Remuneration of the Executive Management is based on a fixed base salary plus a target bonus of up to 50% of the base salary with a potential bonus earned ranging from 0-100% of the base salary. The Executive Management´s bonus is based on three parameters in light of the company's focus areas. René Svendsen-Tune's and Peter Gormsen's bonus is subject to the performance of GN Netcom's EBITA, GN Netcom's revenue and individual performance targets. The Company does not make pension contributions in respect of members of the Executive Management. Executive Management has severance agreements and change-of-control agreements on market terms.

Members of the Board of Directors receive a fixed remuneration as approved by the shareholders at the Annual General Meeting on March 19, 2015. The fixed remuneration is based on GN Store Nord´s corporate governance structure in which an audit committee, a strategy committee, a remuneration committee and a nomination committee have been established. Further, the appointed board members of GN Store Nord also serve on the Board of Directors of GN ReSound A/S and GN Netcom A/S.

2.3 TAX

TAX ON PROFIT (LOSS)

DKK '000	2015	2014
Tax on profit (loss)		
Current tax for the year	(72.176)	(104.222)
Deferred tax for the year	(18.247)	(3.696)
Withholding tax	(307)	-
Adjustment to current tax with respect to prior years	486	597
Adjustment to deferred tax with respect to prior years	7.605	61
Total	**(82.639)**	**(107.260)**
Reconciliation of effective tax rate		
Danish tax rate	23,50%	24,50%
Non-taxable income	-(2,02%)	-(0,85%)
Non-deductable expenses	0,61%	0,39%
Withholding tax	0,07%	-
Adjustment of tax with respect to prior years	-1,98%	-(0,15%)
Total	**20,18%**	**23,89%**
Tax relating to other comprehensive income		
Adjustment of cash flow hedges	(520)	(537)
Foreign exchange adjustments, etc.	538	2.373
Total	**18**	**1.836**

CURRENT TAX

DKK '000	2015	2014
Tax payable and tax receivable		
Tax payable at January 1, net	(2.355)	14.457
Adjustment with respect to prior years	486	597
Payment relating to prior years	1.869	(15.054)
Current tax for the year	(72.176)	(104.222)
Withholding tax for the year	(307)	-
Payment of withholding tax for the year	307	-
Tax related to share-based incentive plans	5.613	5.917
Payments relating to the current year	71.504	93.577
Tax receivable (payable) at December 31, net	**5.479**	**(2.355)**

2.3 TAX *(continued)*

DEFERRED TAX

DKK '000	2015	2014
Deferred tax, net		
Deferred tax at January 1, net	(20.103)	(15.931)
Adjustment with respect to prior years	7.605	61
Deferred tax for the year recognized in profit (loss) for the year	(18.247)	(3.696)
Deferred tax for the year recognized in other comprehensive income for the year	(520)	(537)
Deferred tax at December 31, net	**(31.265)**	**(20.103)**
Deferred tax, net relates to:		
Intangible assets	(54.443)	(43.780)
Property, plant and equipment	8.547	10.101
Provisions	9.098	14.720
Other	5.533	(1.144)
Total	**(31.265)**	**(20.103)**

Deferred tax, net includes DKK 2 million expected to be utilized within 12 months.

§ Accounting policies
Tax on Profit (Loss) for the year
GN Netcom A/S is jointly taxed with the parent company GN Store Nord A/S and all it`s Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit (loss) for the year is recognized in the income statement, and the tax expense relating to amounts recognized in other comprehensive income is recognized in other comprehensive income.

Current tax payable is recognized in current liabilities and deferred tax is recognized in non-current liabilities. Tax receivable is recognized in current assets and deferred tax assets are recognized in non-current assets.

Deferred tax
Deferred tax assets, including the tax base of tax loss carryforwards, are recognized at the expected value of their utilization, 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. Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is not recognized on goodwill unless this is deductible for tax purposes. Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement. If a tax deduction on computation of the taxable income is obtained as a result of share-based payment programs, the tax benefit for the deduction is recognized directly in the balance sheet. Deferred tax assets are subject to annual impairment tests and are recognized only to the extent that it is probable that the assets will be utilized.

! Significant accounting estimates
Deferred tax
Management has made judgments in determining the Company's provisions for tax, deferred tax assets and deferred tax liabilities and the extent to which deferred tax assets are recognized. GN Netcom recognizes deferred tax assets only to the extent that it is probable that taxable profit will be available against which the temporary differences and unused tax losses can be utilized.

SECTION 3
Operating assets and liablities

3.1 INTANGIBLE ASSETS

DKK '000	Development projects, developed in-house	Software	Total
Cost at January 1	573.370	40.147	613.517
Additions	138.019	14.516	152.535
Disposals	(166.914)	(318)	(167.232)
Cost at December 31	544.475	54.345	598.820
Amortization and impairment at January 1	(405.454)	(25.133)	(430.587)
Amortization	(83.037)	(10.942)	(93.979)
Disposals	166.914	318	167.232
Amortization and impairment at December 31	(321.577)	(35.757)	(357.334)
Carrying amount at December 31, 2015	**222.898**	**18.588**	**241.486**
Cost at January 1	455.097	31.992	487.089
Additions	118.273	8.155	126.428
Cost at December 31	573.370	40.147	613.517
Amortization and impairment at January 1	(327.707)	(15.461)	(343.168)
Amortization	(74.015)	(9.672)	(83.687)
Impairment	(3.732)	-	(3.732)
Amortization and impairment at December 31	(405.454)	(25.133)	(430.587)
Carrying amount at December 31, 2014	**167.916**	**15.014**	**182.930**

GN Netcom has not capitalized any borrowing costs in the current or preceding periods as non-current assets are not financed with debt.

Impairment of development projects relates to projects for which the sales forecasts cannot justify the capitalized value.

The carrying amount of development projects and software in progress amount to DKK 131 million (2014: DKK 74 million).

Development projects and software
In-progress and completed development projects comprise development and design of headsets and other hands free audio solutions. Most development projects are expected to be completed in 2016 and 2017, after which product sales and marketing can be commenced. Management performs at least one annual impairment test of the carrying amount of recognized development costs. The recoverable amount is assessed based on sales forecasts. In Management's assessment, the recoverable amount exceeds the carrying amount.

Software comprises development, design and test of production and planning software and reporting systems, business intelligence etc. Implementation of these systems is expected to optimize internal procedures and processes. In 2015, management assessed that the expected useful lives were reflected in the carrying amounts at December 31, 2015.

§ Accounting policies
Development projects, Software, Patents, Licenses and Other Intangible Assets
Intangible assets are measured at cost less accumulated amortization and impairment. Amortization is provided on a straight-line basis over the expected useful lives of the assets. When changing the depreciation period or the residual value, the effect on the depreciation is recognized prospectively as a change in accounting estimates. Amortization and impairment is recognized in the income statement as production costs, development costs, distribution costs and administrative expenses. The expected useful lives are as follows:

Completed development projects	1-5 years
Software	1-7 years
Patents, licenses, trademarks and other intellectual property rights	up to 20 years

Development projects that are clearly defined and identifiable, where the technical utilization degree, sufficient resources and a potential future market or development opportunities in the Company is evidenced, and where GN Netcom intends to produce, market or use the project, are recognized as intangible assets if it is probable that costs incurred will be covered by future earnings. The cost of such development projects includes direct wages, salaries, materials and other direct and indirect costs attributable to the development projects. Amortization and write-down of such capitalized development projects are started at the date of completion and are included in development costs. Other development costs are recognized in the income statement as incurred.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the disposal date, and are recognized in the income statement as other operating income or other operating costs, respectively.

Impairment of in-process development projects
In-process development projects are tested for impairment at least annually.

! Significant accounting estimates
Development projects

Development projects are measured at cost less accumulated amortization and impairment. An impairment test is performed of the carrying amount of recognized development projects. The impairment test is based on assumptions regarding strategy, product life cycle, market conditions, discount rates and budgets, etc., after the project has been completed and production has commenced. If market-related assumptions etc., are changed, development projects may have to be written down. Management examines and assesses the underlying assumptions when determining whether or not the carrying amount should be written down. In addition, management continously assess the useful lives of its products to ensure that amortization of development projects reflects the useful lives.

3.2 PROPERTY, PLANT AND EQUIPMENT

DKK '000	Plant and machinery	Operating assets and equipment	Assets under construction	Total
Cost at January 1	109.398	21.080	4.646	135.124
Additions	-	6.319	27.567	33.886
Disposals	(20)	(677)	-	(697)
Transfers	22.533	-	(22.533)	-
Cost at December 31	131.911	26.722	9.680	168.313
Depreciation and impairment at January 1	(79.879)	(12.852)	-	(92.731)
Depreciation	(18.273)	(3.432)	-	(21.705)
Disposals	4	677	-	681
Depreciation and impairment at December 31	(98.148)	(15.607)	-	(113.755)
Carrying amount at December 31, 2015	**33.763**	**11.115**	**9.680**	**54.558**
Cost at January 1	105.662	15.241	3.512	124.415
Additions	-	5.949	26.290	32.239
Disposals	(21.420)	(110)	-	(21.530)
Transfers	25.156	-	(25.156)	-
Cost at December 31	109.398	21.080	4.646	135.124
Depreciation and impairment at January 1	(86.177)	(9.906)	-	(96.083)
Depreciation	(15.122)	(3.056)	-	(18.178)
Disposals	21.420	110	-	21.530
Depreciation and impairment at December 31	(79.879)	(12.852)	-	(92.731)
Carrying amount at December 31, 2014	**29.519**	**8.228**	**4.646**	**42.393**

GN Netcom has not capitalized any borrowing costs in the current or preceding periods as non-current assets are not financed with debt.

§ Accounting policies

Property, plant and Equipment

Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and costs of materials, components, suppliers, direct wages and salaries and indirect production costs until the date when the asset is available for use. Liabilities related to dismantling and removing the asset and restoring the site on which the asset is located are added to the cost. 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 property, plant and equipment. The expected useful lives are as follows:

Buildings and installations (land is not depreciated)	10-50 years
Leasehold improvements	5-20 years
Plant and machinery	1-7 years
Operating assets and equipment	2-7 years

The basis of depreciation is calculated as the residual value of the asset less impairment losses. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued. When changing the depreciation period or the residual value, the effect on the depreciation is recognized prospectively as a change in accounting estimates. Depreciation and impairment is recognized in the income statement as production costs, development costs, distribution costs and administrative expenses.

Expenses for repairs and maintenance of property, plant and equipment are included in the income statement. Gains or losses on disposal or scrapping of an item of property, plant and equipment are determined as the difference between the sales price reduced by costs related to dismantling and removing the asset, selling costs and costs related to restoring the site on which the asset is located and the carrying amount. Gains or losses are recognized in the income statement as Other operating income or Other operating costs, respectively.

3.3 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

DKK '000	2015	2014
Depreciation, amortization and impairment for the year of property, plant and equipment and intangible assets are recognized in the income statement as follows:		
Production costs	(18.555)	(15.324)
Development costs	(85.530)	(79.708)
Selling and distribution costs	(8.771)	(8.021)
Management and administrative expenses	(2.827)	(2.544)
Total	**(115.683)**	**(105.597)**
Amortization of intangible assets is recognized in the income statement as follows:		
Production costs	(283)	(202)
Development costs	(83.554)	(74.255)
Selling and distribution costs	(8.758)	(7.994)
Management and administrative expenses	(1.383)	(1.236)
Total	**(93.978)**	**(83.687)**
Impairment of intangible assets is recognized in the income statement as follows:		
Development costs	-	(3.732)
Total	**-**	**(3.732)**

3.4 INVESTMENTS IN SUBSIDIARIES

DKK '000	2015	2014
Cost at January 1	382.239	382.239
Additions, capital contribution	800.112	-
Cost at December 31	**1.182.351**	**382.239**

Group companies are listed on page 43.

No indications of impairment of investments in subsidiaries have been identified, and accordingly no impairment tests have been performed

§ Accounting policies
Investments in subsidiaries and associates in the parent company financial statements

Investments in subsidiaries and associates are measured at cost. Investments are written down to the lower of cost and recoverable amount.

! Significant accounting estimates
Investments in subsidiaries

Management performs an annual test for indications of impairment of investments in subsidiaries. It is Management's assessment that no indications of impairment existed at year-end 2015. Impairment test have therefore not been made of subsidiaries.

3.5 PROVISIONS

DKK '000	Warranty provisions	Other provisions	Total
Provisions at January 1	14.828	32.751	47.579
Additions	10.448	-	10.448
Consumed	(7.414)	(19.125)	(26.539)
Reversed	-	-	-
Provisions at December 31, 2015	**17.862**	**13.626**	**31.488**
Of which is recognized in the consolidated balance sheet:			
Non-current liabilities	12.467	13.626	26.093
Current liabilities	5.395	-	5.395
Provisions at December 31, 2015	**17.862**	**13.626**	**31.488**

Warranty provisions concern products sold. The warranty provision covers any defects in design, materials and workmanship for a period of 1-2 years from delivery and completion. Other provisions primarily include obligations to take back headsets sold, obligations regarding onerous contracts and property leases and provisions for legal defence.

§ Accounting policies
Provisions

Warranty provisions are recognized as the underlying goods and services are sold based on warranty costs incurred in previous years and expectations of future costs.

Other provisions primarily comprise onerous contracts and return obligations related to sold products. Provisions are recognized when, as a result of events before or at the balance sheet date, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. On measurement of provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting its obligations under the contract (onerous contracts). A provision for onerous contracts is recognized e.g. when the Company has entered a binding legal agreement for the purchase of components from suppliers that exceeds the benefits from the expected future use of the components and the Company can only sell the components at a loss.

! Significant accounting estimates
Provisions

Warranty provisions are recognized based on historical and future warranty costs related to the Company's products. Future warranty costs may differ from past practices and the level of costs. The amount recognized as a provision is Management's best estimate of the expenses required to settle the obligation.

Agreement has been made with a number of the suppliers that the suppliers purchase components for the production of headsets based on sales estimates prepared by GN Netcom. To the extent that GN Netcom's actual purchases from suppliers are lower than sales estimates, GN Netcom will be under an obligation to purchase any remaining components from the suppliers. Management assesses sales estimates on an ongoing basis, and to the extent that component inventories at suppliers are not expected to be used, GN Netcom recognizes a provision for onerous purchase contracts.

3.6 INVENTORIES

DKK '000	2015	2014
Raw materials and consumables	6.265	16.027
Work in progress	-	-
Finished goods and merchandise	215.966	179.388
Total	**222.231**	**195.415**
The above includes write-downs amounting to	22.194	28.351
Write-downs recognized in the income statement under production costs	3.241	6.314
Reversed write-downs recognized under production costs	-	-
Production costs include costs of goods sold of	1.538.431	1.177.647

§ Accounting policies
Inventories

Inventories are measured at cost in accordance with the FIFO-principle.

Raw materials and goods for resale are measured at cost, comprising purchase price plus delivery costs.

Where the net realizable value is lower than cost, inventories are written down to this lower value. The net realizable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale.

! Significant accounting estimates
Measurement of inventories

The net realizable value of inventories is calculated based on the size of the inventory and decreases in the recoverable amount of purchased raw materials, technical obsolescence (e.g., faulty products), physical obsolescence (e.g. damaged products) and financial obsolescence (e.g., reduced demand or substituting products). GN Netcom performs write-downs of inventories based on an individual assessment of products or product groups and expected product sales from 12 to 24 months following the balance sheet date.

3.7 TRADE RECEIVABLES

DKK '000	2015	2014
Trade receivables	142.932	149.826
Total	**142.932**	**149.826**

Trade receivables have the following maturities:

Not due	126.694	130.292
Due 30 days or less	13.327	18.091
Due more than 30 days but less than 90 days	5.278	274
Due more than 90 days	3.549	3.099
Total	**148.848**	**151.756**

Write-downs, which are included in total trade receivables, have developed as follows:

Write-downs at January 1	(1.930)	(580)
Write-downs made during the year	(19.257)	(19.641)
Realized during the year	-	-
Reversed write-downs	15.271	18.291
Write-downs at December 31	**(5.916)**	**(1.930)**

Total write-downs of DKK 6 million are included in trade receivables at the end of 2015. In 2015 no material write-downs have been recognized regarding individual receivables (2014: no material write-downs have been recognized regarding individual receivables). GN Netcom's assessment of credit risk associated with individual receivables depends primarily on aging, change in customer payment behavior, current economic conditions etc. as described in significant accounting estimates. Based on past experience, GN Netcom believes that no write-down is necessary in respect of trade receivables not past due.

No security has been pledged to GN Netcom for trade receivables.

Trade receivables include the following overdue but not written down receivables:

Due 30 days or less	13.327	18.091
Due more than 30 days but less than 90 days	2.509	556
Due more than 90 days	-	-
Total	**15.836**	**18.647**

§ Accounting policies

Trade receivables are measured at amortized cost less write-down for foreseen bad debt losses. Write-down for bad debt losses is based on an individual assessment of each receivable and at portfolio level.

4.1 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

Foreign currency risk

GN Netcom has exposure towards several foreign currencies in connection with commercial transactions. The overall objective of hedging GN Netcom's currency exposure is to reduce the short-term impact of exchange rate fluctuations on earnings and cash flow, thereby increasing the predictability of the financial results. GN Netcom uses forward exchange contracts to hedge any significant currency risk, which in 2015 has been future income (long positions) in the CNY, GBP and future costs (short positions) in the USD. Expected cash flows are continually assessed using budget and sales forecasts. GN Netcom does not raise loans or place surplus cash in foreign currency unless doing so reduces a currency exposure.

GN Netcom has several balance sheet items denominated in USD both to external and internal which can also result in foreign exchange rate gains and losses.

At year-end a hypothetical increase of 5% in the USD/DKK and CNY/DKK exchange rates would affect the Income Statement and Other Comprehensive Income as outlined in the table below:

DKK '000	2015	2014
Income statement	(11.240)	(9.661)
Other Comprehensive Income	11.011	11.140

The sensitivity analysis comprises cash and cash equivalents, current receivables, trade payables, current and non-current loans, current intercompany balances and derivative exchange rate instruments as of December 31, 2015. The effects of a change in foreign exchange rates related to these items would be included in financial items in the income statement. A change in the derivative exchange rate instruments used for hedging would be included in Other Comprehensive Income.

Interest rate risk

GN Netcom is primarily funded by intercompany balances towards the holding company GN Store Nord A/S. Generaly, it is not the company policy to obtain any other external funding in GN Netcom, execopt facilities used for working capital needs. Therefore, all interest rate hedging is done on a GN Store Nord level.

Funding, liquidity and capital structure

At December 31, 2015, GN Netcom had an equity ratio of 61% (2014: 76%). GN Netcom A/S is part of the GNSN Group and the capital structure policy is handled on a GN Store Nord level. GN Netcom has primarely Intercompany balances as interest bearing balances.

Financial credit risk

Surplus cash positions in GN Netcom's subsidiaries are re-circulated back to the parent company as soon as possible, and cash is mainly held in current accounts or as short-term money market deposits. Cash positions are primarily held with banks through which GN Netcom conducts its day-to-day banking business and which have a satisfactory rating with Moody's and Standard & Poor's. GN Netcom has a policy of never having an exposure to a single financial counterparty of more than 2.5% of that party's capital and reserves. GN Netcom had cash and cash equivalents of DKK 4,042 million at December 31, 2015 (2014: DKK 0 million).

GN Netcom is through cause of business exposed for financial risk. The financial risk except for the commercial risk, are governed by GN Store Nord. The financial risk are handled in accordance with global policies for financial risk governance, as described by GN Store Nord.

GN Netcom has established policies for credit risk management related to customers including the use of credit rating agencies. Assessment of credit risks related to customers is further described in note 3.7 Trade receivables.

Categories of financial assets and liabilities

The financial assets and liabilities presented in the balance sheet can be grouped in the following categories:

DKK '000	2015	2014
Trade receivables	142.932	149.826
Amounts owed by subsidiaries and group companies	2.419.331	2.052.241
Other receivables	52.084	8.921
Loans and receivables	**2.614.347**	**2.210.988**
Amounts owed to subsidiaries and group companies	1.145.182	226.272
Bank loans	4.070	7
Trade payables	365.864	314.383
Financial liabilities measured at amortized cost	**1.515.116**	**540.662**

For financial assets and liabilities, the fair value is approximately equal to the carrying amount.

4.1 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS *(continued)*

Derivative financial instruments

Exchange rate instruments

	2015			2014		
DKK '000	**Contract amount, net**	**Fair value, assets**	**Fair value, liabilities**	**Contract amount, net**	**Fair value, assets**	**Fair value, liabilities**
USD	175.212	3.585	-	585.847	-	49.013
GBP	106.357	1.531	728	111.167	-	3.046
CNY	47.214	1.693	-	808.655	55.926	-
Total	**328.783**	**6.809**	**728**	**1.505.669**	**55.926**	**52.059**

All exchange rate instruments mature within 12 months from the balance sheet date.

Fair value adjustments of cash flow hedges

DKK '000	2015	2014
Fair value adjustment for the year recognized in Other comprehensive income	33.019	10.907
Reclassified from equity to revenue during the year	12.368	21.375
Reclassified from equity to production costs during the year	(43.173)	(30.095)
Reclassified from equity to selling and distribution costs during the year	-	-
Adjustment of cash flow hedges in Other comprehensive income	**2.214**	**2.187**
Fair value adjustment of cash flow hedges recognized in financial items	(13.068)	-

The gains and losses on cash flow hedges recognized in Other comprehensive income as of December 31, 2015 will be recognized in the income statement in the period during which the hedged forecasted transaction affects the income statement. The fair value of all exchange rate instruments are determined using quoted forward exchange rates at the balance sheet date and can be categorized as level 2 (observable inputs) in the fair value hierarchy.

§ Accounting policies
Derivative Financial Instruments

Derivative financial instruments are initially and subsequently recognized in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are recognized as other receivables and payables, respectively, and set-off of positive and negative values is only made when GN Netcom has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of market data and generally accepted valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognized asset or liability are recognized in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned. Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in the value of the hedged item are recognized in other comprehensive income. If the hedged transaction results in gains or losses, amounts previously recognized in other comprehensive income are transferred from equity to the same item as the hedged item.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in the income statement under financial items.

Financial Liabilities

Amounts owed to credit institutions, finance lessors and banks are recognized at the date of borrowing at fair value of the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other liabilities, comprising trade payables, amounts owed to group enterprises and associates as well as other payables, are measured at amortized cost.

4.2 FINANCIAL INCOME AND EXPENSES

DKK '000	2015	2014
Financial Income:		
Interest income from subsidiaries*	25.769	31.184
Interest income from bank balances*	-	2
Financial income, other	21.080	65
Received Dividend from subsidiaries	6.085	10.020
Foreign exchange gain	2.449	15.855
Total	**55.383**	**57.126**
Financial expenses:		
Interest expense to subsidiaries*	(21.036)	(5.093)
Interest expense on bank balances*	(497)	(663)
Fair value adjustments of derivative financial instruments and impairments	(13.068)	-
Foreign exchange loss, net	(22.825)	(42.546)
Total	**(57.426)**	**(48.302)**

GN Netcom A/S has not included borrowing costs in the cost price of non-current assets as these are not financed with debt.

Foreign exchange adjustments of balances with foreign entities which are considered part of the total net investment in the entity are recognized in the [equity] of the parent company.

*Interest income and expenses from financial assets and liabilities at amortized cost.

§ Accounting policies
Financial Income and Expenses

Financial income and expenses comprise interest income and expense, costs of permanent loan facilities, gains and losses on securities, receivables, payables and transactions denominated in foreign currencies, credit card fees, amortization and impairment of financial assets and liabilities, etc. Also included are realized and unrealized gains and losses on derivative financial instruments that are not designated as hedges.

Dividend from investments in subsidiaries is recognised in the statement of comprehensive income in year of declaration.

Borrowing costs that are directly attributable to the construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

5.1 INCENTIVE PLANS

Warrants programs

GN Store Nord has warrant-based long-term incentive programs whereby the Executive Management and other senior employees are granted warrants, entitling the holder to subscribe shares in GN Netcom.

Warrants granted will vest the day after the release of GN Store Nord's annual report in the third year after the grant. Vested warrants may be exercised during a four-week period opening each quarter of each of the third, fourth and fifth year after allocation. The quarterly four-week window will open following the release of a Valuation Report concerning the value of the shares of GN Netcom. Warrants vest provided the share value of GN Store Nord has increased and that the share value of GN Netcom has outperformed a peer group index of competitors and industry segment indicators as defined by the Board of Directors of GN Netcom, respectively by a certain percentage during the same time period. Warrants are granted at no consideration.

The exercise price for the warrants is based on the average share price for GN Store Nord in the five days following the release of the annual report in the year in which the relevant warrants are allocated.

Warrants program, GN Netcom

	Executive Management	Other employees	Total	Average exercise price
Warrants granted at January 1, 2014	**614**	**6.956**	**7.570**	**12.998**
Warrants granted during the year	435	2.159	2.594	24.693
Warrants exercised during the year	(67)	(2.468)	(2.535)	10.462
Warrants forfeited during the year/corrections	(280)	(13)	(293)	16.132
Outstanding warrants at December 31, 2014	**702**	**6.634**	**7.336**	**17.884**
Warrants granted during the year	627	2.328	2.955	30.600
Warrants exercised during the year	(69)	(2.314)	(2.383)	11.104
Warrants forfeited during the year/corrections	(722)	188	(534)	26.379
Outstanding warrants at December 31, 2015	**538**	**6.836**	**7.374**	**24.555**
Grant date market value of warrants granted in 2015 (DKK million)	3	10	13	
Market value of outstanding warrants at December 31, 2015 (DKK million)	-	9	9	

Average share price at exercise: DKK 30,578 (2014: DKK 24,612)

Outstanding warrants in GN Netcom by grant date are shown below.

Grant date	Executive Management	Other employees	Total	% of GN Netcom A/S	Number of exercisable warrants	Exercise price	Years to expiry	Market value in DKK million
March 2011	-	41	41	0,0%	41	10.542	0,8	-
October 2011	-	25	25	0,0%	25	10.542	0,8	-
March 2012	-	186	186	0,1%	186	11.234	1,8	2
March 2013	-	1.944	1.944	0,6%	-	17.797	2,8	3
November 2013	-	132	132	0,0%	-	23.652	2,8	-
March 2014	-	2.207	2.207	0,7%	-	24.596	3,8	2
July 2014	-	43	43	0,0%	-	28.473	3,8	-
September 2014	-	39	39	0,0%	-	24.399	3,8	-
December 2014	-	58	58	0,0%	-	26.178	3,8	-
March 2015	538	2.161	2.699	0,8%	-	30.600	4,8	2
Outstanding warrants at December 31, 2015	**538**	**6.836**	**7.374**	**2,2%**	**252**			**9**

5.1 INCENTIVE PLANS *(continued)*

The market value of the warrants has been calculated using the principles of the Black & Scholes pricing model. The market value of the outstanding warrants at the balance sheet date is calculated on the basis of underlying market prices on the final business day of the year, whereas the market value of warrants granted during the year is based on the underlying market prices at the grant date. The following assumptions were applied for the calculation of the market value at the balance sheet date and at the grant date of warrants:

Market conditions

	2015 year end GN Netcom	2015 GN Netcom	end GN Netcom	2014 GN Netcom
Share price GN Store Nord	123	151	134	134 160 132 134
Share of GN Store Nord market value	39%	43%	41%	37% 37% 38% 41%
Share price	21.399	30.600	26.083	24.596 28.473 24.399 26.178
Volatility	23%	24%	21%	25% 26% 26% 21%
Dividend per share	0	0	0	0
Risk-free interest rate	0,00%	0,00%	0,00% 0,00% 0,00% 0,04% 0,12%	1,03% 0,57% 0,51% 0,20%
Expected term (years)	0,8 1,8 2,8 3,8 4,8	5,7	0,8 1,8 2,8 3,8 4,8	5,7 5,4 5,2 4,9

In the calculation of market value, the share of market value and volatility is estimated by external experts.

§ Accounting policies

Incentive plans

The Executive Management and a number of key employees are included in share-based payment plans (equity-settled plans). For equity-settled programs, the warrants are measured at the fair value at the grant date and recognized in the income statement as a staff cost of the respective functions over the vesting period. The counter item is recognized in equity. On initial recognition, an estimate is made of the number of warrants expected to vest. This estimate is subsequently revised for changes in the number of warrants expected to vest. Accordingly, recognition is based on the number of warrants that are ultimately vested. The fair value of granted warrants is estimated using the Black-Scholes option pricing model. Vesting conditions are taken into account when estimating the fair value of the warrants.

5.2 CONTINGENT LIABILITIES, OTHER FINANCIAL LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities

Outstanding lawsuits

GN Netcom and its subsidiaries are parties to various lawsuits, including various cases involving patent infringements. Apart from the cases described below, the outcome of cases pending is not expected to be of material importance to the Company's financial position.

Other financial liabilities

Security

The company has not pledged any assets as security in the present or prior financial years.

Purchase obligations

GN Netcom has agreed with a number of suppliers that the suppliers will purchase components for the production of headsets based on sales estimates prepared by GN Netcom. To the extent that GN Netcoms sales estimates exceed actual purchases from suppliers, GN Netcom is under an obligation to purchase any remaining components from the suppliers. Management assesses sales estimates on an ongoing basis. To the extent that component inventories at suppliers exceed the volumes expected to be used, GN Netcom recognizes a provision for onerous purchase contracts.

Contingent assets

Claim against Plantronics Inc.

In 2012, GN Netcom filed suit against Plantronics for attempted monopolization of the distributors' market in the US. On September 23, 2013, the federal district court in Wilmington, Delaware, dismissed Plantronics' "motion to dismiss" the case in its entirety. The court also stated that GN Netcom's allegations were sufficiently substantiated to allow the case to proceed into discovery. During the discovery phase, GN learned of alleged intentional document destruction and has submitted a motion for sanctions asking the Court to determine the appropriate remedy for Plantronics' alleged misconduct. It is expected that the court will schedule a hearing on the matter in Q1 2016.

Apart from the above, management is not aware of any matter that could be of material importance to the Company's financial position.

! Significant accounting estimates

Provisions, Contingencies and Lawsuits

GN Netcom's Management assesses provisions, contingent assets and contingent liabilities and the likely outcome of pending or threatened lawsuits on an ongoing basis. The outcome depends on future events that are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes, etc., Management bases its assessment on external legal assistance and decided cases.

5.3 OTHER NON-CASH ADJUSTMENTS

DKK '000	2015	2014
Share-based payment (granted)	8.836	6.278
Provision for bad debt, inventory write-downs, etc.	13.838	10.341
Adjustment of provisions	(16.091)	24.616
Total	**6.583**	**41.235**

5.4 LEASE OBLIGATIONS

DKK '000	2015	2014
Future lease obligations are distributed as follows:		
Operating leases:		
Less than one year	18.985	23.265
Between one and five years	3.211	9.124
Total	**22.196**	**32.389**

Operating leases primarily relate to lease of property on market terms in Denmark. The remaining lease terms are between one and five years.

Operating leases include rental obligations related to properties in Denmark in the amount of kDKK 7.388 (2014: kDKK 6.879).

Lease payments recognized in the income statement relating to operating leases amount to kDKK 20.580 (2014: kDKK 19.209).

§ Accounting policies
Rental and Lease Matters
Leases that do not meet the criteria for classification as a financial asset are treated as operating leases. Operating lease payments are recognized in the income statement over the term of the lease.

SECTION 5: OTHER DISCLOSURES

5.5 FEES TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING

DKK '000	2015	2014
Audit fees	(455)	(495)
Total	**(455)**	**(495)**
Other assistance:		
Tax assistance and advice	(90)	-
Total	**(90)**	**-**
Total	**(545)**	**(495)**

5.6 RELATED PARTY TRANSACTIONS

GN Netcom A/S' related parties exercising significant influence comprise members of the Board of Directors and the Executive Management and senior employees and their family members.

In addition, related parties comprise group enterprises over which GN Netcom A/S exercises control or significant influence.

Group companies are listed on page 43

Board of Directors, Executive Management and Senior Employees
Management remuneration and incentive plans are described in notes 2.2 and 5.1.

Group enterprises
Trade with group enterprises

DKK million	2015	2014
GN Store Nord A/S		
Purchase of services	40	26
Sale of services	4	18
Sale of intangible assets	-	3
Subsidiaries		
Purchase of services	(205)	(168)
Sale of goods, revenue	2.003	1.799

Purchase of products and services are bought from group enterprises on normal commercial terms and conditions.

The company's balances with group enterprises at December 31, 2015 are recognized in the balance sheet. Interest income and expenses with respect to group enterprises are disclosed in note 4.2. Further, balances with group enterprises comprise trade balances related to the purchase and sale of goods and services.

Purchase of services from group enterprises and GN Store Nord A/S consists of facility services, canteen services, management fee and IT costs. Sales of services from GN Store Nord A/S mainly consists of facility services and canteen services. Furthermore, GN Netcom A/S has purchased development services and other services on market terms from subsidiaries.

No transactions have been carried out with the Board of Directors, the Executive Management, senior employees, major shareholders or other related parties, apart from ordinary remuneration.

INVESTMENTS IN SUBSIDIARIES AT DECEMBER 31, 2015

COMPANIES IN THE GN STORE NORD GROUP

	Domicile	Currency	Owner-ship %	Share capital
GN Store Nord A/S	Denmark	DKK	N/A	672 083 012
GN Ejendomme A/S	Denmark	DKK	100	10 600 000

GN Netcom A/S	Denmark	DKK	100	33 647 500
GN Netcom, Inc	USA	USD	100	35 900 000
GN Netcom (Canada), Inc	Canada	CAD	100	1 000
GN Communications, Equipamentos e Solucoes de Comunicacao Ltda	Brazil	BRL	100	407 820
GN Netcom (China) Ltd	China	USD	100	8 000 000
GN Netcom Logistic (Xiamen) Ltd	China	USD	100	500 000
GN Communications (Shanghai) Co., Ltd	China	CNY	100	15 481 000
GN Netcom (Japan) Ltd	Japan	JPY	100	10 000 000
GN Netcom (Singapore) Pte Ltd	Singapore	SGD	100	700 000
GN Netcom Asia Ltd	Hong Kong	HKD	100	2 000 000
GN Netcom Australia Pty. Ltd	Australia	AUD	100	2 500 000
GN Netcom (Spain) S.A.	Spain	EUR	100	60 111
GN Netcom (Italia) S.r.l.	Italy	EUR	100	10 200
GN Netcom (UK) Ltd	Great Britain	GBP	100	100 000
GN Netcom AB	Sweden	SEK	100	5 100 000
GN Netcom Benelux B.V.	Netherlands	EUR	100	18 000
GN Netcom GmbH	Germany	EUR	100	51 129
GN Netcom S.A.	France	EUR	100	80 000

GN ReSound A/S	Denmark	DKK	100	62 867 000
GN ReSound Pty. Ltd	Australia	AUD	100	4 000 002
GN ReSound Shanghai Ltd	China	CNY	100	3 000 000
GN ReSound China Ltd	China	CNY	100	34 000 000
GN GROC Ltd	China	CNY	100	500 000
GN ReSound India Private Limited	India	INR	100	7 352 000
GN Resound Japan K.K.	Japan	JPY	100	499 000 000
GN ReSound (NZ) Ltd	New Zealand	NZD	100	2 000 000
GN Hearing Pte. Ltd	Singapore	SGD	100	1 500 000
GN ReSound Hörtechnologie GmbH	Austria	EUR	100	500 000
Sluchadlova Akustika spol. S.R.O.	Czech Republic	CZK	100	102 000
Interton Danmark A/S	Denmark	DKK	100	200 000
Beltone Europe Holdings ApS	Denmark	DKK	100	200 000
Dansk Hørecenter ApS	Denmark	DKK	100	125 000
GN Hearing SAS	France	EUR	100	285 957
GN Hearing GmbH	Germany	EUR	100	296 549
GN Resound GmbH Hörtechnologie	Germany	EUR	100	2 162 253
GN Hearing S.r.l.	Italy	EUR	100	181 190
GN Hearing Benelux bv	Netherlands	EUR	100	680 670
GN ReSound Norge AS	Norway	NOK	100	2 000 000
Interton Slovakia s.r.o.	Slovakia	SLK	100	170 000
GN Hearing Care S.A.	Spain	EUR	100	1 562 631
GN Hearing Sverige AB	Sweden	SEK	100	100 000
GN ReSound AG	Switzerland	CHF	100	420 000
Beltone Schweiz GmbH	Switzerland	CHF	100	20 000
GN ReSound Ltd	United Kingdom	GBP	100	7 376 000
GN ReSound Produtos Médicos Ltda	Brazil	BRL	100	1 019 327
GN ReSound Korea Co. Ltd. *	Korea	KRW	90	136 700 000
GN ReSound LLC	Russia	RUB	100	10 000
GN ReSound Finland Oy/Ab	Finland	EUR	100	100 913
GN US Holdings, Inc	USA	USD	100	34 000 000
GN Hearing Care Corporation	USA	USD	100	180 000
GN ReSound Holdings, Inc	USA	USD	100	10
Beltone Holdings II Inc	USA	USD	100	1
Beltone Holdings III Inc	USA	USD	100	10
Beltone Holdings IV Inc	USA	USD	100	30
Beltone Holdings V Inc	USA	USD	100	30
Beltone Foundation	USA	USD	100	10
Beltone Corporation	USA	USD	100	10
American Hearing Systems Inc	USA	USD	100	10
Audio Electronics, Inc	USA	USD	100	198 890
DB Special Instruments Inc	Canada	CAD	100	137
GN Hearing Care Canada Ltd	Canada	CAD	100	10 000
5837946 Manitoba, Ltd	Canada	CAD	100	10 000
810720 Alberta, Ltd	Canada	CAD	100	50 000
GN ReSound (Malaysia) Sdn Bhd	Malaysia	RM	100	100
Audio Nova S.R.L	Romania	ROL	49	10 000 000
Audiology Systems Inc	USA	USD	40	1 724 000
Himpp A/S	Denmark	DKK	11	2 400 000
HIMSA A/S	Denmark	DKK	25	1 000 000
HIMSA II A/S	Denmark	DKK	17	600 000
Himsa II K/S	Denmark	DKK	15	3 250 000
K/S Himpp	Denmark	DKK	9	114 782 415

GN Otometrics A/S	Denmark	DKK	100	23 240 000
Inmedico A/S	Denmark	DKK	100	500 000
GN Otometrics GmbH	Germany	EUR	100	1 800 000
Genie Audio Inc	Canada	CAD	100	232
GN Otometrics Shanghai Ltd	China	USD	100	800 000
GN Otometrics S.a.S	France	EUR	100	1 200 000

Associates

* GN Store Nord currently hold 90% ownership but consolidates 100%, as the anticipated acquisition method is applied

A few minor companies have been omitted from the list