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LTP GROUP A/S
Østergade 13
1100 Copenhagen K
Central Business Registration
No 17974246

Annual report 2016

The Annual General Meeting adopted the annual report on 31.05.2017

Chairman of the General Meeting

Name: Morten Østergaard

Contents

Entity details

Entity
LTP GROUP A/S
Østergade 13
1100 Copenhagen K

Central Business Registration No: 17974246
Registered in: Copenhagen
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Jon Skovhus Knudsen, Chairman
Morten Østergaard
Peter Midtgaard
Frank Lorenz

Executive Board
Morten Østergaard, Chief executive officer

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Papirfabrikken 26
8600 Silkeborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of LTP GROUP A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the consolidated financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016 and of the results of their operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 31.05.2017

Executive Board

Morten Østergaard
Chief executive officer

Board of Directors

Jon Skovhus Knudsen Chairman	Morten Østergaard	Peter Midtgaard
Frank Lorenz		

Independent auditor's report

To the shareholders of LTP GROUP A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of LTP GROUP A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements

Independent auditor's report

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 these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity’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 consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Silkeborg, 31.05.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Peter Mølkjær
State Authorised Public Accountant

Heidi Julitta Østergaard Jensen
State Authorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Revenue	439.018	412.026	349.964	264.669	237.652
Gross profit/loss	130.553	126.518	109.510	79.256	67.602
Operating profit/loss	40.840	47.542	45.831	30.381	27.632
Net financials	7.918	7.840	5.981	4.091	14.260
Profit/loss for the year	42.443	47.538	44.024	29.742	37.738
Total assets	216.037	210.148	178.767	139.669	124.652
Investments in property, plant and equipment	8.963	10.919	6.752	5.322	6.980
Equity incl minority interests	156.271	144.426	115.601	91.910	82.125
Average invested capital incl goodwill	114.180	95.050	82.209	74.409	62.330
Ratios					
Gross margin (%)	29,7	30,7	31,3	29,9	28,4
Net margin (%)	9,7	11,5	12,6	11,2	15,9
Return on invested capital incl goodwill (%)	36,2	50,4	59,0	41,0	44,4
Revenue invested capital incl goodwill	3,8	4,3	4,3	3,6	3,8
Return on equity (%)	28,2	36,6	42,4	34,2	56,9
Equity ratio (%)	72,3	68,7	64,7	65,8	65,9

Financial highlights are defined and calculated in accordance with the Danish Finance Society.

Ratios	**Calculation formula**	**Ratios**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on invested capital incl goodwill (%)	$\frac{\text{EBITA x 100}}{\text{Average invested capital incl goodwill}}$	The return generated by the entity on the investors' funds.
Revenue/Invested capital incl goodwill	$\frac{\text{Revenue}}{\text{Average invested capital incl goodwill}}$	Turnover rate of capital employed by the entity.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl minority interests x 100}}{\text{Total assets}}$	The financial strength of the entity.

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses relating to goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income taxes receivable and payable as well as cash are not included in net working capital.

Management commentary

Primary activities
LTP Group is a global producer of garments for sport, outdoor, athleisure and fashion brands; producer of upholstery for the contract & design furniture industry and upholstery supplier for home furniture retailers. The main markets are in North Europe.

The activities take place through a number of enterprises and associates.

Besides Denmark, the activities are placed in Lithuania, Belarus and Vietnam.

Development in activities and finances
Group profit before tax amounts to DKK 48,758k against DKK 55,382k in 2015. The profit is satisfactory though it’s on a lower level than expected. The result is affected by growing production costs and investments to support future growth.

Outlook
Management expects continued growth and a higher profit than in 2016 with an estimated profit before tax on DKK 50-55m.

Statutory report on corporate social responsibility
Corporate social responsibility policies
LTP has continued its work to secure good and decent working conditions for all employees and to reduce the environmental footprint. CARE is one of LTP’s values.

As a general policy within CSR, LTP Group has implemented the Code of conduct principles based on the FairFashion guidelines from the Federation of Danish Textile & Clothing, which both includes principles for human rights, work environment and the global environment. Besides this, each business unit has specific certificates within CSR.

LTP Garment is BlueSign-certified. Blue Sign is acknowledged as the most rigid standard within functional garments. The purpose of this certification is to eliminate a negative environmental impact from beginning of the production process and to secure good working conditions in the production.

LTP Garment is IVN/GOTS-certified. GOTS is acknowledged as the leading standard within ecological textiles and defines high standards for the full supply chain both regarding environmental and social issues.

LTP Contract furniture is FSC-certified. Over the past 20 years, FSC has earned a reputation as the most rigorous, credible forest certification system. The Forest Stewardship Council™ (FSC) ensures that the full supply chain will follow rigid ecological, social and financial standards.

Translate policies into action
We are continuously working with improvement programs which ensure that LTP is acting as a responsible, positive and caring company for our employees, customers and the environment. In 2016, LTP has among other initiatives:

Management commentary

- Group:
  - All stated certificates most be maintain and audits passed without remarks
  - Energy reduction focus
- Garment:
  - Expanded our GOTS certificate to cover production at our site in Silale and printing subcontractors
  - Complete audit on all relevant suppliers in Garment to comply with the Reach regulations from the European Union.
- Contract furniture:
  - In the contract furniture division, we planned make CSR audits on all strategic suppliers in corporation with our customers.
  - Work safety focus with special education of gluing and upholstery staff.

Assessment of results achieved

- Garment
  - The audit for GOTS certificate to cover production at our site in Silale and the printing subcontractors was approved by February 2017 without remarks.
  - In the year 2016 we had audits on BlueSign in the factory Belarus
  - We had CSR Initial Assessment from the Danish Embassy in Vietnam to verify the overall CSR status of LTP Vietnam as well as the applicable local laws and to measure the CSR status of the company in the implementation of the occupational health and safety (OHS), environment, labor practices and business ethics. The conclusion was stated: "CSR commitment of LTP Vietnam is noted positive. The management shows high cooperation during the whole assessment process and committed to remedy all non-conformity findings raised by the CSR team."
  - LTP joined the Higg Index and made assessment in Garment for the factories in Kaunas, Lithuania and Vietnam. Higg delivers a holistic overview of the sustainability performance of a product or company—a big-picture perspective that is essential for progress to be made.
  - Complete audit on all suppliers in Garment to comply with the Reach regulations from the European Union.
  - The production site in Belarus was renewed with significant impact on energy spend.
- Contract furniture:
  - Audits were performed on 5 main suppliers.
  - Education was made for all workers in the departments for gluing and upholstery to ensure knowledge about work safety

LTP is living op to the strongest requirements in the market. But the most important point is that the whole organization in the daily work is focused on securing our staff good working conditions and eliminating waste of materials and energy.

Management commentary

Actions planned for 2017

- CSR Certificate to be maintained.
- Focus on energy reductions with changing to LED lightning, renewing buildings and participating on green Lithuanian energy usage project.
- Deeper studies in reduction and handling of waste of materials mainly fabrics.

Statutory report on the underrepresented gender

Pursuant to the Danish Companies Act, the Board has set a target for the proportion of General Meeting-elected female board members of at least 20% (corresponding to 1 person in the Board of directors with 5 members elected at the general meeting). Considering the continuity of the board the target number is sought to be achieved within a period of 4 years.

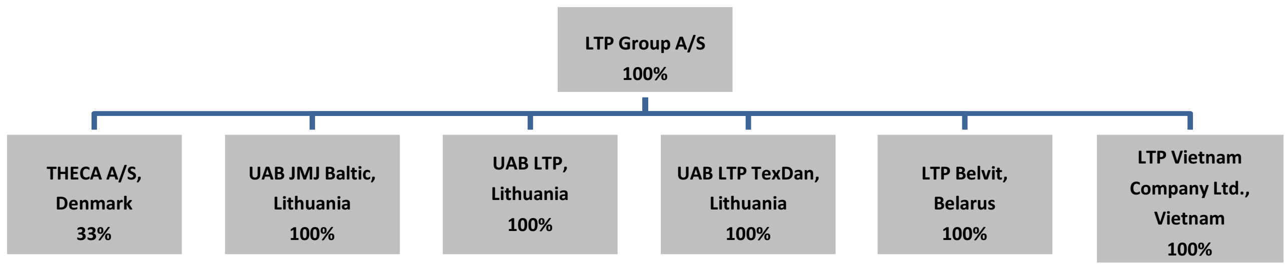
For other layers of management, no policies have been set, as there are less than 50 employees in the Danish Company and there not being any requirements for policies for the under-represented gender in foreign subsidiaries.

Events after the balance sheet date

In 2017 the group has established a new company in Ukraine.

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Group Overview



Consolidated income statement for 2016

	Notes	2016 DKK	2015 DKK
Revenue	1	439.018.346	412.025.860
Other operating income		670.333	625.246
Cost of sales		(289.423.815)	(270.430.048)
Other external expenses	2	(19.711.595)	(15.703.069)
Gross profit/loss		**130.553.269**	**126.517.989**
Staff costs	3	(84.361.769)	(69.888.730)
Depreciation, amortisation and impairment losses	4	(5.351.030)	(9.087.036)
Operating profit/loss		**40.840.470**	**47.542.223**
Income from investments in associates		6.974.772	5.633.573
Other financial income		1.983.220	3.494.586
Other financial expenses		(1.039.813)	(1.288.283)
Profit/loss before tax		**48.758.649**	**55.382.099**
Tax on profit/loss for the year	5	(6.316.006)	(7.844.191)
Profit/loss for the year	6	**42.442.643**	**47.537.908**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Completed development projects		1.209.519	1.563.016
Acquired intangible assets		221.462	339.636
Intangible assets	7	**1.430.981**	**1.902.652**
Land and buildings		22.912.760	21.727.025
Other fixtures and fittings, tools and equipment		9.036.630	8.020.880
Leasehold improvements		6.627.411	5.139.671
Property, plant and equipment in progress		239.388	0
Property, plant and equipment	8	**38.816.189**	**34.887.576**
Investments in associates		20.713.493	17.795.539
Other receivables		1.336.311	1.513.877
Fixed asset investments	9	**22.049.804**	**19.309.416**
Fixed assets		**62.296.974**	**56.099.644**
Raw materials and consumables		47.855.765	40.502.906
Work in progress		21.914.930	18.749.139
Prepayments for goods		6.683.712	3.680.789
Inventories		**76.454.407**	**62.932.834**
Trade receivables		58.828.555	45.690.479
Receivables from associates		49.351	49.253
Deferred tax	11	1.295.994	1.195.290
Other receivables		5.101.937	4.979.928
Prepayments	12	86.234	78.330
Receivables		**65.362.071**	**51.993.280**
Cash		**11.923.756**	**39.122.348**
Current assets		**153.740.234**	**154.048.462**
Assets		**216.037.208**	**210.148.106**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Contributed capital		500.000	500.000
Revaluation reserve		5.171.013	5.636.847
Reserve for net revaluation according to the equity method		20.046.826	17.128.872
Other statutory reserves		580.609	336.731
Retained earnings		129.972.307	120.823.485
Equity		**156.270.755**	**144.425.935**
Deferred tax	11	266.000	344.000
Provisions		**266.000**	**344.000**
Mortgage debts		6.951.945	8.319.046
Finance lease liabilities		79.920	207.943
Non-current liabilities other than provisions	13	**7.031.865**	**8.526.989**
Current portion of long-term liabilities other than provisions	13	1.495.177	1.479.455
Bank loans		1.462.125	79.677
Trade payables		34.955.376	38.979.855
Income tax payable		482.616	3.855.133
Other payables		12.840.097	11.157.509
Deferred income		1.233.197	1.299.553
Current liabilities other than provisions		**52.468.588**	**56.851.182**
Liabilities other than provisions		**59.500.453**	**65.378.171**
Equity and liabilities		**216.037.208**	**210.148.106**
Associates	10		
Unrecognised rental and lease commitments	15		
Mortgages and securities	16		
Subsidiaries	17		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK	Revaluation reserve DKK	Reserve for net revaluation according to the equity method DKK	Other statutory reserves DKK
Equity beginning of year	500.000	9.807.485	17.128.872	336.731
Changes in accounting policies	0	(4.170.638)	0	0
Adjusted equity, beginning of year	**500.000**	**5.636.847**	**17.128.872**	**336.731**
Extraordinary dividend paid	0	0	0	0
Exchange rate adjustments	0	(36.929)	(56.818)	(1.266)
Dissolution of revaluations	0	(428.905)	0	0
Value adjustments	0	0	0	0
Dividends from associates	0	0	(4.000.000)	0
Transfer to reserves	0	0	0	245.144
Profit/loss for the year	0	0	6.974.772	0
Equity end of year	**500.000**	**5.171.013**	**20.046.826**	**580.609**

	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Equity beginning of year	116.652.847	0	144.425.935
Changes in accounting policies	4.170.638	0	0
Adjusted equity, beginning of year	**120.823.485**	**0**	**144.425.935**
Extraordinary dividend paid	0	(30.000.000)	(30.000.000)
Exchange rate adjustments	(487.405)	0	(582.418)
Dissolution of revaluations	428.905	0	0
Value adjustments	(15.404)	0	(15.404)
Dividends from associates	4.000.000	0	0
Transfer to reserves	(245.144)	0	0
Profit/loss for the year	5.467.871	30.000.000	42.442.643
Equity end of year	**129.972.308**	**0**	**156.270.756**

Consolidated cash flow statement for 2016

	Notes	2016 DKK	2015 DKK
Operating profit/loss		40.840.470	47.542.223
Amortisation, depreciation and impairment losses		5.351.030	9.087.036
Working capital changes	14	(29.378.244)	(7.058.860)
Cash flow from ordinary operating activities		**16.813.256**	**49.570.399**
Financial income received		1.983.220	3.494.586
Financial income paid		(1.039.813)	(1.288.283)
Income taxes refunded/(paid)		(9.867.227)	(8.525.685)
Cash flows from operating activities		**7.889.436**	**43.251.017**
Acquisition etc of intangible assets		(27.649)	(927.082)
Sale of intangible assets		0	336.992
Acquisition etc of property, plant and equipment		(8.963.425)	(10.918.759)
Dividends received from associates		4.000.000	2.000.000
Cash flows from investing activities		**(4.991.074)**	**(9.508.849)**
Instalments on loans etc		(1.479.402)	(1.404.876)
Dividend paid		(30.000.000)	(20.000.000)
Cash flows from financing activities		**(31.479.402)**	**(21.404.876)**
Increase/decrease in cash and cash equivalents		**(28.581.040)**	**12.337.292**
Cash and cash equivalents beginning of year		39.042.671	26.705.379
Cash and cash equivalents end of year		**10.461.631**	**39.042.671**
Cash and cash equivalents at year-end are composed of:			
Cash		11.923.756	39.122.348
Short-term debt to banks		(1.462.125)	(79.677)
Cash and cash equivalents end of year		**10.461.631**	**39.042.671**

Notes to consolidated financial statements

1. Revenue

Pursuant to the derogations in section 96 (1) of the Danish Financial Statements Act the Company has not disclosed distribution of revenue across segments, as Management estimates that the specification could cause significant damage to the Company.

	2016 DKK	2015 DKK
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	45.000	45.000
Other assurance engagements	157.392	157.208
Tax services	7.500	189.800
Other services	155.396	170.061
	365.288	**562.069**

Fees to foreign auditors not appointed by the Annual General Meeting included above amount to DKK 157k relating to other assurance engagements (DKK 157k in 2015) and DKK 0k to tax services (DKK 184k in 2015).

	2016 DKK	2015 DKK
3. Staff costs		
Wages and salaries	70.812.507	56.886.753
Other social security costs	13.549.262	13.001.977
	84.361.769	**69.888.730**
Average number of employees	**1.427**	**1.207**

	Remuneration of management 2016 DKK	Remuneration of management 2015 DKK
Total amount for management categories	4.258.099	3.719.012
	4.258.099	**3.719.012**

Remuneration of Management is present on a total amount for management categories with reference to Section 98b(3) of the Danish Financial Statements Act.

Notes to consolidated financial statements

	2016 DKK	2015 DKK
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	495.437	363.172
Depreciation of property, plant and equipment	4.855.593	3.977.959
Impairment losses on property, plant and equipment	0	4.747.628
Profit/loss from sale of intangible assets and property, plant and equipment	0	(1.723)
	5.351.030	**9.087.036**

	2016 DKK	2015 DKK
5. Tax on profit/loss for the year		
Tax on current year taxable income	6.458.542	8.798.704
Change in deferred tax for the year	(178.704)	(977.731)
Adjustment concerning previous years	36.168	23.218
	6.316.006	**7.844.191**

	2016 DKK	2015 DKK
6. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	30.000.000	20.000.000
Transferred to reserve for net revaluation according to the equity method	6.974.772	5.633.573
Retained earnings	5.467.871	21.904.335
	42.442.643	**47.537.908**

	Completed develop-ment projects DKK	Acquired intangible assets DKK
7. Intangible assets		
Cost beginning of year	1.767.485	807.558
Exchange rate adjustments	0	(7.904)
Additions	0	27.649
Cost end of year	**1.767.485**	**827.303**
Amortisation and impairment losses beginning of year	(204.469)	(467.922)
Exchange rate adjustments	0	4.021
Amortisation for the year	(353.497)	(141.940)
Amortisation and impairment losses end of year	**(557.966)**	**(605.841)**
Carrying amount end of year	**1.209.519**	**221.462**

Notes to consolidated financial statements

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve-ments DKK	Property, plant and equipment in progress DKK
8. Property, plant and equipment				
Cost beginning of year	36.542.296	30.280.711	5.334.263	0
Exchange rate adjustments	(137.600)	(135.327)	(58.611)	0
Additions	2.770.074	4.172.526	1.781.437	239.388
Disposals	0	(386.578)	0	0
Cost end of year	**39.174.770**	**33.931.332**	**7.057.089**	**239.388**
Revaluations beginning of year	11.538.220	0	0	0
Exchange rate adjustments	(43.448)	0	0	0
Revaluations end of year	**11.494.772**	**0**	**0**	**0**
Depreciation and impairment losses beginning of the year	(26.353.491)	(22.259.831)	(194.592)	0
Exchange rate adjustments	99.235	95.881	733	0
Depreciation for the year	(1.502.526)	(3.117.248)	(235.819)	0
Reversal regarding disposals	0	386.496	0	0
Depreciation and impairment losses end of the year	**(27.756.782)**	**(24.894.702)**	**(429.678)**	**0**
Carrying amount end of year	**22.912.760**	**9.036.630**	**6.627.411**	**239.388**
Recognised assets not owned by entity	**-**	**252.042**	**-**	**0**

Notes to consolidated financial statements

	Investments in associates DKK	Other receivables DKK
9. Fixed asset investments		
Cost beginning of year	666.667	1.513.877
Exchange rate adjustments	0	(19.848)
Disposals	0	(157.718)
Cost end of year	**666.667**	**1.336.311**
Revaluations beginning of year	17.128.872	0
Exchange rate adjustments	(56.818)	0
Share of profit/loss for the year	6.974.772	0
Dividend	(4.000.000)	0
Revaluations end of year	**20.046.826**	**0**
Carrying amount end of year	**20.713.493**	**1.336.311**

	Registered in	Equity interest %
10. Associates		
Theca A/S	Aarhus	33,3

	2016 DKK	2015 DKK
11. Deferred tax		
Intangible assets	(266.000)	(344.000)
Property, plant and equipment	356.264	367.983
Inventories	0	37.021
Liabilities other than provisions	939.730	790.286
	1.029.994	**851.290**
Changes during the year		
Beginning of year	851.290	
Recognised in the income statement	178.704	
End of year	**1.029.994**	

12. Prepayments

Prepayments comprise prepaid licenses and other prepaid expenses.

Notes to consolidated financial statements

	Instalments within 12 months 2016 DKK	Instalments within 12 months 2015 DKK	Instalments beyond 12 months 2016 DKK	Outstanding after 5 years DKK
13. Liabilities other than provisions				
Mortgage debts	1.335.783	1.340.832	6.951.945	1.168.301
Finance lease liabilities	159.394	138.623	79.920	0
	1.495.177	**1.479.455**	**7.031.865**	**1.168.301**

	2016 DKK	2015 DKK
14. Change in working capital		
Increase/decrease in inventories	(13.521.573)	(2.574.113)
Increase/decrease in receivables	(13.448.423)	(10.879.038)
Increase/decrease in trade payables etc	(2.408.248)	6.394.291
	(29.378.244)	**(7.058.860)**

	2016 DKK	2015 DKK
15. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**9.000.000**	**11.750.000**

16. Mortgages and securities

Mortgage debt is secured by way of mortgage on properties. The carrying amount of mortgaged properties amounts to DKK 22,913k.

	Registered in	Equity interest %
17. Subsidiaries		
UAB LTP TexDan	Lithuania	100,0
UAB LTP	Lithuania	100,0
UAB JMJ Baltic	Lithuania	100,0
LTP Belvit	Belarus	100,0
LTP Vietnam Company Limited	Vietnam	100,0

Parent income statement for 2016

	Notes	2016 DKK	2015 DKK
Revenue		10.328.380	9.704.380
Cost of sales		(19.152)	0
Other external expenses		(2.751.519)	(2.154.799)
Gross profit/loss		**7.557.709**	**7.549.581**
Staff costs	1	(8.411.763)	(6.693.969)
Depreciation, amortisation and impairment losses	2	(353.497)	(209.898)
Operating profit/loss		**(1.207.551)**	**645.714**
Income from investments in group enterprises		34.873.731	39.048.482
Income from investments in associates		6.974.772	5.633.573
Other financial income	3	2.043.318	3.162.026
Other financial expenses		(16.735)	(3.656)
Profit/loss before tax		**42.667.535**	**48.486.139**
Tax on profit/loss for the year	4	(224.892)	(948.231)
Profit/loss for the year	5	**42.442.643**	**47.537.908**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Completed development projects		1.209.519	1.563.016
Intangible assets	6	**1.209.519**	**1.563.016**
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	7	**0**	**0**
Investments in group enterprises		106.154.435	101.581.576
Investments in associates		20.713.493	17.795.539
Other receivables		76.311	76.311
Fixed asset investments	8	**126.944.239**	**119.453.426**
Fixed assets		**128.153.758**	**121.016.442**
Receivables from group enterprises		31.475.634	21.828.290
Receivables from associates		49.351	49.253
Other receivables		44.587	46.809
Prepayments	9	86.234	78.330
Receivables		**31.655.806**	**22.002.682**
Cash		**650.941**	**5.259.085**
Current assets		**32.306.747**	**27.261.767**
Assets		**160.460.505**	**148.278.209**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Contributed capital	10	500.000	500.000
Reserve for net revaluation according to the equity method		114.507.488	107.016.675
Retained earnings		41.263.268	36.909.260
Equity		**156.270.756**	**144.425.935**
Deferred tax	11	266.000	344.000
Provisions		**266.000**	**344.000**
Bank loans		1.462.125	79.677
Trade payables		223.021	105.451
Income tax payable		140.724	1.005.013
Other payables		2.097.879	2.318.133
Current liabilities other than provisions		**3.923.749**	**3.508.274**
Liabilities other than provisions		**3.923.749**	**3.508.274**
Equity and liabilities		**160.460.505**	**148.278.209**
Unrecognised rental and lease commitments	12		
Mortgages and securities	13		

Parent statement of changes in equity for 2016

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Equity beginning of year	500.000	107.016.675	36.909.260	0
Extraordinary dividend paid	0	0	0	(30.000.000)
Exchange rate adjustments	0	(582.418)	0	0
Value adjustments	0	(15.404)	0	0
Dividends from group enterprises	0	(29.759.868)	29.759.868	0
Dividends from associates	0	(4.000.000)	4.000.000	0
Profit/loss for the year	0	41.848.503	(29.405.860)	30.000.000
Equity end of year	**500.000**	**114.507.488**	**41.263.268**	**0**

	Total DKK
Equity beginning of year	144.425.935
Extraordinary dividend paid	(30.000.000)
Exchange rate adjustments	(582.418)
Value adjustments	(15.404)
Dividends from group enterprises	0
Dividends from associates	0
Profit/loss for the year	42.442.643
Equity end of year	**156.270.756**

Notes to parent financial statements

	2016 DKK	2015 DKK
1. Staff costs		
Wages and salaries	8.378.362	6.649.794
Other social security costs	33.401	44.175
	8.411.763	**6.693.969**
Average number of employees	**5**	**4**

	Remuneration of management 2016 DKK	Remuneration of management 2015 DKK
Total amount for management categories	4.258.099	3.719.012
	4.258.099	**3.719.012**

Remuneration of Management is present on a total amount for management categories with reference to Section 98b(3) of the Danish Financial Statements Act.

	2016 DKK	2015 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	353.497	204.469
Depreciation of property, plant and equipment	0	7.152
Profit/loss from sale of intangible assets and property, plant and equipment	0	(1.723)
	353.497	**209.898**

	2016 DKK	2015 DKK
3. Other financial income		
Financial income arising from group enterprises	1.200.091	762.802
Interest income	843.227	2.399.224
	2.043.318	**3.162.026**

Notes to parent financial statements

	2016 DKK	2015 DKK
4. Tax on profit/loss for the year		
Tax on current year taxable income	266.724	1.061.013
Change in deferred tax for the year	(78.000)	(136.000)
Adjustment concerning previous years	36.168	23.218
	224.892	**948.231**

	2016 DKK	2015 DKK
5. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	30.000.000	20.000.000
Transferred to reserve for net revaluation according to the equity method	41.848.503	44.682.055
Retained earnings	(29.405.860)	(17.144.147)
	42.442.643	**47.537.908**

	Completed develop-ment projects DKK
6. Intangible assets	
Cost beginning of year	1.767.485
Cost end of year	**1.767.485**
Amortisation and impairment losses beginning of year	(204.469)
Amortisation for the year	(353.497)
Amortisation and impairment losses end of year	**(557.966)**
Carrying amount end of year	**1.209.519**

	Other fixtures and fittings, tools and equipment DKK
7. Property, plant and equipment	
Cost beginning of year	22.813
Cost end of year	**22.813**
Depreciation and impairment losses beginning of the year	(22.813)
Depreciation and impairment losses end of the year	**(22.813)**
Carrying amount end of year	**0**

Notes to parent financial statements

	Investments in group enterprises DKK	Investments in associates DKK	Other receivables DKK
8. Fixed asset investments			
Cost beginning of year	10.943.773	666.667	76.311
Cost end of year	**10.943.773**	**666.667**	**76.311**
Revaluations beginning of year	90.637.803	17.128.872	0
Exchange rate adjustments	(525.600)	(56.818)	0
Adjustments on equity	(15.404)	0	0
Share of profit/loss for the year	34.873.731	6.974.772	0
Dividend	(29.759.868)	(4.000.000)	0
Revaluations end of year	**95.210.662**	**20.046.826**	**0**
Carrying amount end of year	**106.154.435**	**20.713.493**	**76.311**

	Registered in	Corporate form	Equity interest %
Investments in associates comprise:			
Theca A/S	Aarhus	Limited liability company	33,3

9. Prepayments

Prepayments comprise prepaid licence fee and other prepaid expenses.

	Number	Par value DKK	Nominal value DKK
10. Contributed capital			
Shares	500	1000	500.000
	500		**500.000**

Notes to parent financial statements

	2016 DKK	2015 DKK
11. Deferred tax		
Intangible assets	266.000	344.000
	266.000	**344.000**

Changes during the year	
Beginning of year	344.000
Recognised in the income statement	(78.000)
End of year	**266.000**

	2016 DKK	2015 DKK
12. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**27.000**	**27.000**

13. Mortgages and securities

Collateral securities provided for subsidiaries and group enterprises

The Entity has guaranteed the subsidiaries’ debt to Sydbank. The subsidiaries’ bank debt amounts to DKK 0 as of 31.12.2016.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing large class C enterprises.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year with the exceptions as stated below.

Changes in accounting policies

Estimated useful lives and residual values are reassessed annually. In former accounting policies the estimated useful lives and residual values was assessed only at initial recognition

Revaluation reserve on fixed assets is reduced with depreciation and amortisation after tax. In former accounting policies the reserve was only reduced when realisation of the revaluated asset.

Comparative figures are adjusted to new accounting policies.

Changes in accounting estimates has no effect on revenue, profit before tax, total assets or equity. The effect on the revaluation reserve is presented in the consolidated statement of changes in equity for 2016 page 12. The change has no effect on the consolidated cash flows.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises

Accounting policies

significant, but not controlling influence are regarded as associates. Reference is made to group overview on page 8.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Income statement
Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income
Other operating income comprises income from rental.

Accounting policies

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed.

Completed development projects comprises software. Software is measured at cost less accumulated depreciation and impairment losses. The cost of software comprises costs that are directly and indirectly attributable to the development projects completed and in progress.

Software is amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation period used is five years.

Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

Revaluations on property, plant and equipment are made based on external valuation reports.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	10-20 years
Plant and machinery	2-10 years
Leasehold improvements	2-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised pro rata internal profits and losses.

Associates with negative equity are measured at DKK 0, and any receivables from these associates are written down by the share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if there is a legal or constructive obligation to cover the liabilities of the relevant associate.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

Accounting policies

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Accounting policies

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.