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Inter Sales A/S
Omega 5A
8382 Hinnerup
Central Business Registration
No 18831678

Annual report 2016/17

The Annual General Meeting adopted the annual report on 29.08.2017

Chairman of the General Meeting

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Name: Jesper Ørskov Nielsen

Contents

Entity details

Entity
Inter Sales A/S
Omega 5A
8382 Hinnerup

Central Business Registration No: 18831678
Founded: 13.09.1995
Registered in: Aarhus
Financial year: 01.04.2016 - 31.03.2017

Phone: 86226100
Fax: 86228100
Website: www.intersales.dk

Board of Directors
Jesper Ørskov Nielsen, chairman
Henrik Kristensen
Torben Ulrich
Camilla Ulrich
Jette Trans

Executive Board
Alfred Blank
Winnie Rodam

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Inter Sales A/S for the financial year 01.04.2016 - 31.03.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2017 and of the results of its operations and cash flows for the financial year 01.04.2016 - 31.03.2017.

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.

Aarhus, 29.08.2017

Executive Board

Alfred Blank	Winnie Rodam

Board of Directors

Jesper Ørskov Nielsen chairman	Henrik Kristensen	Torben Ulrich
Camilla Ulrich	Jette Trans	

Independent auditor's report

To the shareholders of Inter Sales A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Inter Sales A/S for the financial year 01.04.2016 - 31.03.2017, 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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could

Independent auditor's report

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.

Aarhus, 29.08.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

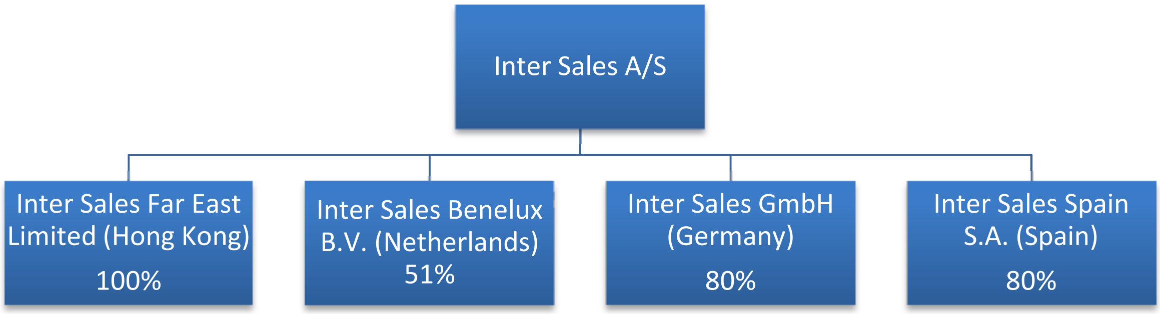
Michael Bach
State Authorised Public Accountant

Management commentary

	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000	2013/14 DKK'000	2012/13 DKK'000
Financial highlights					
Key figures					
Gross profit	73.574	57.125	28.130	31.901	39.361
Operating profit/loss	43.027	32.268	8.148	13.396	24.774
Net financials	(1.296)	(887)	(733)	(2.961)	(112)
Profit/loss for the year	31.560	23.772	5.597	7.676	18.648
Total assets	185.264	163.611	127.237	123.091	92.029
Investments in property, plant and equipment	2.757	1.295	0	0	0
Equity incl minority interests	69.337	63.094	45.083	44.776	35.047
Cash flows from (used in) operating activities	25.776	18.260	13.666	(22.788)	(3.781)
Cash flows from (used in) investing activities	(3.019)	(2.339)	(19)	(788)	(576)
Cash flows from (used in) financing activities	(25.562)	(2.990)	(7.800)	(16.600)	(9.500)
Employees in average	55	44	34	34	24
Ratios					
Return on equity (%)	47,7	44,0	12,5	19,2	53,2
Equity ratio (%)	37,4	38,6	35,4	36,4	38,1

Management commentary

Group Structure



Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Ratios**
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.

Management commentary

Primary activities

The Company's main business is the sale of consumer electronics products under the Company's own brand, Denver®.

Development in activities and finances

The income statement for the period 01.04.2016 – 31.03.2017 showed a profit before tax of DKK 41,731k against DKK 31,381k for the period 01.04.2015 – 31.03.2016. The balance sheet showed an equity of DKK 69,337k.

Outlook

For the financial year 2017/18, the activity level is expected to be higher than the level seen in 2016/17.

Particular risks

Market risk

The Company's product range is renewed on an ongoing basis in respect of design as well as technical product qualities. It is an important success criterion for the Company to adapt its range of products to current design trends and to hedge against market risks..

Currency risk

Activities abroad imply that the profit, cash flows, and the equity are influenced by the developments in exchange and interest rates regarding a number of currencies. The Company's policy is to hedge against commercial currency risks. Primarily, hedging is done by forward exchange transactions for hedging anticipated sales and purchases within the next 12 months. No speculative currency positions are entered into.

Interest risk

Due to a favorable interest rate development, it has been possible to finance the increased growth at a likewise favorable financial cost. An increase in the present interest rate will entail increased financial costs.

Events after the balance sheet date

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

Consolidated income statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Gross profit		**73.574**	**57.125**
Staff costs	1	(29.111)	(24.244)
Depreciation, amortisation and impairment losses		(1.253)	(613)
Other operating expenses		(183)	0
Operating profit/loss		**43.027**	**32.268**
Other financial income		1.311	1.090
Other financial expenses		(2.607)	(1.977)
Profit/loss before tax		**41.731**	**31.381**
Tax on profit/loss for the year	2	(10.171)	(7.609)
Profit/loss for the year	3	**31.560**	**23.772**

Consolidated balance sheet at 31.03.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Acquired licences		950	1.092
Intangible assets	4	**950**	**1.092**
Other fixtures and fittings, tools and equipment		1.358	1.540
Leasehold improvements		2.180	0
Property, plant and equipment	5	**3.538**	**1.540**
Deposits		40	130
Fixed asset investments	6	**40**	**130**
Fixed assets		**4.528**	**2.762**
Manufactured goods and goods for resale		103.418	64.295
Prepayments for goods		3.642	1.485
Inventories		**107.060**	**65.780**
Trade receivables		62.559	60.372
Other receivables		2.353	2.243
Income tax receivable		4.539	2.760
Prepayments		960	624
Receivables		**70.411**	**65.999**
Cash		**3.265**	**29.070**
Current assets		**180.736**	**160.849**
Assets		**185.264**	**163.611**

Consolidated balance sheet at 31.03.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Contributed capital		10.000	10.000
Retained earnings		50.044	25.258
Proposed dividend		0	23.000
Equity attributable to the Parent's owners		**60.044**	**58.258**
Share of equity attributable to minority interests		**9.293**	**4.836**
Equity		**69.337**	**63.094**
Deferred tax	7	166	148
Other provisions	8	21.343	6.762
Provisions		**21.509**	**6.910**
Finance lease liabilities		436	0
Non-current liabilities other than provisions		**436**	**0**
Bank loans		39.602	62.602
Finance lease liabilities		81	0
Trade payables		30.361	7.777
Income tax payable		5.975	4.620
Other payables		17.759	18.376
Deferred income		204	232
Current liabilities other than provisions		**93.982**	**93.607**
Liabilities other than provisions		**94.418**	**93.607**
Equity and liabilities		**185.264**	**163.611**
Contingent liabilities	10		
Mortgages and securities	11		
Subsidiaries	12		

Consolidated statement of changes in equity for 2016/17

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Share of equity attributable to minority interests DKK'000
Equity beginning of year	10.000	25.258	23.000	4.836
Effect of mergers and business combinations	0	0	0	149
Effect of divestments of entities etc	0	0	0	(175)
Ordinary dividend paid	0	0	(23.000)	0
Fair value adjustments of hedging instruments	0	976	0	0
Tax of equity postings	0	(214)	0	0
Dividends from group enterprises	0	0	0	(3.053)
Profit/loss for the year	0	24.024	0	7.536
Equity end of year	**10.000**	**50.044**	**0**	**9.293**

	Total DKK'000
Equity beginning of year	63.094
Effect of mergers and business combinations	149
Effect of divestments of entities etc	(175)
Ordinary dividend paid	(23.000)
Fair value adjustments of hedging instruments	976
Tax of equity postings	(214)
Dividends from group enterprises	(3.053)
Profit/loss for the year	31.560
Equity end of year	**69.337**

After the balance sheet date an extraordinary dividend of DKK 14.500k has been distributed.

Consolidated cash flow statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Operating profit/loss		43.027	32.268
Amortisation, depreciation and impairment losses		1.253	613
Other provisions		14.581	1.307
Working capital changes	9	(20.998)	(12.819)
Cash flow from ordinary operating activities		**37.863**	**21.369**
Financial income received		1.311	1.090
Financial income paid		(2.607)	(1.977)
Income taxes refunded/(paid)		(10.791)	(2.222)
Cash flows from operating activities		**25.776**	**18.260**
Acquisition etc of intangible assets		(2.757)	(1.235)
Acquisition etc of property, plant and equipment		(364)	(1.295)
Sale of property, plant and equipment		12	231
Acquisition of fixed asset investments		0	(40)
Sale of fixed asset investments		90	0
Cash flows from investing activities		**(3.019)**	**(2.339)**
Loans raised		517	0
Dividend paid		(26.053)	(5.300)
Other cash flows from financing activities		(26)	2.310
Cash flows from financing activities		**(25.562)**	**(2.990)**
Increase/decrease in cash and cash equivalents		**(2.805)**	**12.931**
Cash and cash equivalents beginning of year		(33.532)	(46.463)
Cash and cash equivalents end of year		**(36.337)**	**(33.532)**
Cash and cash equivalents at year-end are composed of:			
Cash		3.265	29.070
Short-term debt to banks		(39.602)	(62.602)
Cash and cash equivalents end of year		**(36.337)**	**(33.532)**

Notes to consolidated financial statements

	2016/17 DKK'000	2015/16 DKK'000
1. Staff costs		
Wages and salaries	25.853	21.557
Pension costs	2.034	1.344
Other social security costs	889	981
Other staff costs	335	362
	29.111	**24.244**
Average number of employees	**55**	**44**

	Remuneration of management 2016/17 DKK'000	Remuneration of management 2015/16 DKK'000
Executive Board	4.833	4.829
Board of Directors	160	150
	4.993	**4.979**

	2016/17 DKK'000	2015/16 DKK'000
2. Tax on profit/loss for the year		
Tax on current year taxable income	10.153	7.410
Change in deferred tax for the year	18	199
	10.171	**7.609**

	2016/17 DKK'000	2015/16 DKK'000
3. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	23.000
Retained earnings	24.024	(2.273)
Minority interests' share of profit/loss	7.536	3.045
	31.560	**23.772**

Notes to consolidated financial statements

	Acquired licences DKK'000
4. Intangible assets	
Cost beginning of year	1.849
Additions	364
Cost end of year	**2.213**
Amortisation and impairment losses beginning of year	(757)
Amortisation for the year	(506)
Amortisation and impairment losses end of year	**(1.263)**
Carrying amount end of year	**950**

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
5. Property, plant and equipment		
Cost beginning of year	3.814	0
Additions	328	2.429
Disposals	(12)	0
Cost end of year	**4.130**	**2.429**
Depreciation and impairment losses beginning of the year	(2.274)	0
Depreciation for the year	(498)	(249)
Depreciation and impairment losses end of the year	**(2.772)**	**(249)**
Carrying amount end of year	**1.358**	**2.180**

	Deposits DKK'000
6. Fixed asset investments	
Cost beginning of year	130
Disposals	(90)
Cost end of year	**40**
Carrying amount end of year	**40**

Notes to consolidated financial statements

	2016/17 DKK'000
7. Deferred tax	
Changes during the year	
Beginning of year	148
Recognised in the income statement	18
End of year	**166**

8. Other provisions

Other provisions comprise anticipated costs of warranty obligation. Warranty obligations comprise commetments to remedy defects within the warranty period.

	2016/17 DKK'000	2015/16 DKK'000
9. Change in working capital		
Increase/decrease in inventories	(41.280)	(15.820)
Increase/decrease in receivables	(2.633)	1.120
Increase/decrease in trade payables etc	22.915	1.881
	(20.998)	**(12.819)**

10. Contingent liabilities

The Company has signed a rental contract with a rent obligation until 30.06.2024. The obligation amounts to DKK 8.673k.

Furthermore, the Company has signed rental contracts with an obligation for 3 months rent. The obligation amounts to DKK 105k.

The Company has entered into a cooperations agreement regarding rent of storage and warehouse operation with a variable payment. The agreement is interminable until 31 March 2022.

11. Mortgages and securities

Guarantee obligation issued by financial insititutions consitute DKK 97.443k.

The Company has provided a guarantee regarding rent obligation for Jyske Bank, which amounts to DKK 1.006k.

Notes to consolidated financial statements

	Registered in	Corporate form	Equity interest %
12. Subsidiaries			
Inter Sales Far East Limited	Hong Kong	Limited	100,0
Inter Sales GmbH	Germany	GmbH	80,0
Inter Sales Benelux B.V.	The Netherlands	B.V.	51,0
Inter Sales Spain, S.A.	Spain	S.A.	80,0

Parent income statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Gross profit		**40.677**	**36.458**
Staff costs	1	(19.352)	(17.112)
Depreciation, amortisation and impairment losses		(1.043)	(675)
Operating profit/loss		**20.282**	**18.671**
Income from investments in group enterprises		9.235	8.393
Other financial income		1.127	1.085
Other financial expenses		(2.445)	(1.748)
Profit/loss before tax		**28.199**	**26.401**
Tax on profit/loss for the year	2	(4.175)	(4.219)
Profit/loss for the year	3	**24.024**	**22.182**

Parent balance sheet at 31.03.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Acquired licences		950	1.092
Intangible assets	4	**950**	**1.092**
Other fixtures and fittings, tools and equipment		406	690
Leasehold improvements		2.180	0
Property, plant and equipment	5	**2.586**	**690**
Investments in group enterprises		13.823	10.937
Deposits		0	90
Fixed asset investments	6	**13.823**	**11.027**
Fixed assets		**17.359**	**12.809**
Manufactured goods and goods for resale		100.321	62.364
Prepayments for goods		3.642	1.485
Inventories		**103.963**	**63.849**
Trade receivables		26.559	25.912
Receivables from group enterprises		4.261	20.896
Dividends receivable from group enterprises		1.230	0
Other receivables		2.353	2.243
Income tax receivable		4.285	2.657
Prepayments	7	960	624
Receivables		**39.648**	**52.332**
Cash		**427**	**5.229**
Current assets		**144.038**	**121.410**
Assets		**161.397**	**134.219**

Parent balance sheet at 31.03.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Contributed capital	8	10.000	10.000
Reserve for net revaluation according to the equity method		11.913	9.198
Retained earnings		38.131	16.060
Proposed dividend		0	23.000
Equity		**60.044**	**58.258**
Deferred tax	9	166	148
Other provisions	10	8.625	3.179
Provisions		**8.791**	**3.327**
Bank loans		39.600	58.781
Trade payables		25.857	7.290
Payables to group enterprises		22.995	0
Other payables		4.110	6.563
Current liabilities other than provisions		**92.562**	**72.634**
Liabilities other than provisions		**92.562**	**72.634**
Equity and liabilities		**161.397**	**134.219**
Contingent liabilities	11		
Mortgages and securities	12		

Parent statement of changes in equity for 2016/17

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	10.000	9.198	16.060	23.000
Ordinary dividend paid	0	0	0	(23.000)
Fair value adjustments of hedging instruments	0	0	976	0
Tax of equity postings	0	0	(214)	0
Profit/loss for the year	0	2.715	21.309	0
Equity end of year	**10.000**	**11.913**	**38.131**	**0**

	Total DKK'000
Equity beginning of year	58.258
Ordinary dividend paid	(23.000)
Fair value adjustments of hedging instruments	976
Tax of equity postings	(214)
Profit/loss for the year	24.024
Equity end of year	**60.044**

After the balance sheet date an extraordinary dividend of DKK 14.500k has been distributed.

Notes to parent financial statements

	2016/17 DKK'000	2015/16 DKK'000
1. Staff costs		
Wages and salaries	17.255	15.180
Pension costs	1.516	1.344
Other social security costs	246	226
Other staff costs	335	362
	19.352	**17.112**
Average number of employees	**35**	**31**

	Remuneration of management 2016/17 DKK'000	Remuneration of management 2015/16 DKK'000
Executive Board	4.833	4.829
Board of Directors	160	150
	4.993	**4.979**

	2016/17 DKK'000	2015/16 DKK'000
2. Tax on profit/loss for the year		
Tax on current year taxable income	4.157	4.020
Change in deferred tax for the year	18	199
	4.175	**4.219**

	2016/17 DKK'000	2015/16 DKK'000
3. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	23.000
Transferred to reserve for net revaluation according to the equity method	2.715	5.737
Retained earnings	21.309	(6.555)
	24.024	**22.182**

Notes to parent financial statements

	Acquired licences DKK'000
4. Intangible assets	
Cost beginning of year	1.849
Additions	364
Cost end of year	**2.213**
Amortisation and impairment losses beginning of year	(757)
Amortisation for the year	(506)
Amortisation and impairment losses end of year	**(1.263)**
Carrying amount end of year	**950**

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
5. Property, plant and equipment		
Cost beginning of year	2.834	0
Additions	16	2.429
Disposals	(12)	0
Cost end of year	**2.838**	**2.429**
Depreciation and impairment losses beginning of the year	(2.144)	0
Depreciation for the year	(288)	(249)
Depreciation and impairment losses end of the year	**(2.432)**	**(249)**
Carrying amount end of year	**406**	**2.180**

Notes to parent financial statements

	Investments in group enterprises DKK'000	Deposits DKK'000
6. Fixed asset investments		
Cost beginning of year	1.740	90
Additions	596	0
Disposals	(425)	(90)
Cost end of year	**1.911**	**0**
Revaluations beginning of year	9.197	0
Share of profit/loss for the year	9.418	0
Dividend	(6.946)	0
Investments with negative equity depreciated over receivables	129	0
Reversal regarding disposals	114	0
Revaluations end of year	**11.912**	**0**
Carrying amount end of year	**13.823**	**0**

7. Prepayments

Prepayments recognised under assets comprise costs incurred relating to cubsequent financial years.

	Number	Par value DKK'000	Nominal value DKK'000
8. Contributed capital			
Private share class A	10.000	1	10.000
	10.000		**10.000**

	2016/17 DKK'000
9. Deferred tax	
Changes during the year	
Beginning of year	148
Recognised in the income statement	18
End of year	**166**

10. Other provisions

Other provisions comprise anticipated costs of warranty obligation. Warranty obligations comprise commet-ments to remedy defects within the warranty period.

Notes to parent financial statements

11. Contingent liabilities

The Company has signed a rental contract with a rent obligation until 30.06.2024. The obligation amounts to DKK 8.673k.

The Company has entered into a cooperations agreement regarding rent of storage and warehouse operation with a variable payment. The agreement is interminable until 31 March 2022.

12. Mortgages and securities

Guatantee obligations issued by financial institutions constitute DKK 97.443k.

The Company has provided a guarantee regarding rent obligation for Jyske Bank, which amounts to DKK 1.006k.

Collateral securities provided for subsidiaries and group enterprises

The Entity has guaranteed the subsidiaries' debt to Handelsbanken. The subsidiaries' bank loans amount to DKK 2k.

Accounting policies

Reporting class

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

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

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 significant, but not controlling influence are regarded as associates.

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.

Accounting policies

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.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

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 adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from

Accounting policies

non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

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 of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

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 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 equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Accounting policies

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.

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

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.

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

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.

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

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 life of the assets:

Acquired licenses	4 years

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

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 assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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:

Other fixtures and fittings, tools and equipment	4 years
Leasehold improvements	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 equipment are written down to the lower of recoverable amount and carrying amount.

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 value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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

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.

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

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

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

Cash
Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests
Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

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 carryforwards, 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.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

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.

Accounting policies

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.

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 less short-term bank loans.