

RE Microphones ApS

Gydevang 42

3450 Allerød

Central Business Registration No

25383338

Annual report 2016/17

The Annual General Meeting adopted the annual report on 10.07.2017

Chairman of the General Meeting

Name: Karsten Langer

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Entity details

Entity

RE Microphones ApS
Gydevang 42
3450 Allerød

Central Business Registration No: 25383338

Registered in: Allerød

Financial year: 01.05.2016 - 30.04.2017

Board of Directors

Karsten Langer, chairman
Jonathan Alexander Roos

Executive Board

Karl Kristian Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København 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 RE Microphones ApS for the financial year 01.05.2016 - 30.04.2017.

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 30.04.2017 and of the results of its operations for the financial year 01.05.2016 - 30.04.2017.

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.

Allerød, 10.07.2017

Executive Board

Karl Kristian Nielsen

Board of Directors

Karsten Langer
chairman

Jonathan Alexander Roos

Independent auditor's report

To the shareholder of RE Microphones ApS

Opinion

We have audited the financial statements of RE Microphones ApS for the financial year 01.05.2016 - 30.04.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.04.2017 and of the results of its operations for the financial year 01.05.2016 - 30.04.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity 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 financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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 financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the 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.

Copenhagen, 10.07.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Nikolaj Thomsen

State Authorised Public Accountant

Management commentary

Primary activities

The Company's main activity is direct or indirect ownership in companies with activity into development, production and marketing of microphones and associated equipment to the global professional market for Pro Audio and sound recording.

Development in activities and finances

The income statement of the Company for 2016/17 shows a profit of TDKK 19,292. At 30 April 2017 the balance sheet of the Company shows equity of TDKK 93,265.

Management considers the profit a satisfactory and in accordance with latest announced expectations.

Income statement for 2016/17

	<u>Notes</u>	<u>2016/17</u> <u>DKK'000</u>	<u>2015/16</u> <u>DKK'000</u>
Gross profit		0	0
Administrative costs		(34)	(33)
Operating profit/loss		(34)	(33)
Income from investments in group enterprises		25.000	6.000
Other financial income	1	209	64
Other financial expenses	2	(7.533)	(5.523)
Profit/loss before tax		17.642	508
Tax on profit/loss for the year	3	1.650	707
Profit/loss for the year		19.292	1.215
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		0	70.000
Retained earnings		19.292	(68.785)
		19.292	1.215

Balance sheet at 30.04.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK'000</u>	<u>2015/16</u> <u>DKK'000</u>
Investments in group enterprises		249.787	234.119
Fixed asset investments	4	<u>249.787</u>	<u>234.119</u>
Fixed assets		<u>249.787</u>	<u>234.119</u>
Receivables from group enterprises		6.608	592
Deferred tax		117	0
Income tax receivable		2.010	4.910
Receivables		<u>8.735</u>	<u>5.502</u>
Cash		<u>3</u>	<u>261</u>
Current assets		<u>8.738</u>	<u>5.763</u>
Assets		<u>258.525</u>	<u>239.882</u>

Balance sheet at 30.04.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK'000</u>	<u>2015/16</u> <u>DKK'000</u>
Contributed capital		200	200
Retained earnings		93.065	74.037
Proposed dividend		<u>0</u>	<u>70.000</u>
Equity		<u>93.265</u>	<u>144.237</u>
Deferred tax		<u>0</u>	<u>339</u>
Provisions		<u>0</u>	<u>339</u>
Debt to other credit institutions		<u>150.765</u>	<u>47.337</u>
Non-current liabilities other than provisions		<u>150.765</u>	<u>47.337</u>
Current portion of long-term liabilities other than provisions		9.220	6.000
Convertible and dividend-yielding debt instruments		0	41.893
Payables to group enterprises		39	38
Income tax payable		4.957	0
Other payables		<u>279</u>	<u>38</u>
Current liabilities other than provisions		<u>14.495</u>	<u>47.969</u>
Liabilities other than provisions		<u>165.260</u>	<u>95.306</u>
Equity and liabilities		<u>258.525</u>	<u>239.882</u>
Financial instruments	5		
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Related parties with controlling interest	7		

Statement of changes in equity for 2016/17

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	200	74.037	70.000	144.237
Ordinary dividend paid	0	0	(70.000)	(70.000)
Fair value adjustments of hedging instruments	0	(264)	0	(264)
Profit/loss for the year	0	19.292	0	19.292
Equity end of year	200	93.065	0	93.265

Notes

	2016/17	2015/16
	DKK'000	DKK'000
1. Other financial income		
Financial income arising from group enterprises	209	64
	209	64
2. Other financial expenses		
Interest expenses	7.003	5.523
Other financial expenses	530	0
	7.533	5.523
3. Tax on profit/loss for the year		
Tax on current year taxable income	(2.011)	(1.378)
Change in deferred tax for the year	392	716
Adjustment concerning previous years	(31)	(45)
	(1.650)	(707)
4. Fixed asset investments		Investment
Cost beginning of year		s in group
Additions		enterprises
Cost end of year		DKK'000
		234.119
		15.668
		249.787
Carrying amount end of year		249.787

Notes

5. Financial instruments

Derivate financial instruments

Derivates	Start date	End date	Ref. interest	Fixed interest rate	Currency	Notional amount DKK'000	Fair value DKK'000
interest rate swap agreement	18.02.2014	30.06.2017	Cibor 6	0,98%	DKK	28.000	(144)
interest rate swap agreement	18.02.2014	30.06.2017	Cibor 6	1,02%	DKK	19.293	(104)
Interest rate swap agreement	19.08.2014	31.10.2019	Cibor 6	-0,065%	DKK	109.000	(16)
Total fair value							(264)

6. Mortgages and securities Security

The following assets have been placed as security with Danske Bank:

Unlisted shares in DPA Microphones A/S amounting to a nominal value of TDKK 1,040.

Contigent liabilities

RE Microphones ApS is jointly taxed with group companies and acts as management company for joint tax purposes. The group companies are jointly and severally liable for tax on the Group's jointly taxed income.

RE Microphones ApS has guaranteed for DPA Microphones A/S to Danske Bank for its liabilities amounting to TDKK 16,395.

7. Related parties with controlling interest

RE Microphones Holding ApS, Gydevang 42, 3450 Allerød, is related party with controlling interest.

The company is part of the group financial statement of RE Microphones Holding ApS.

Accounting policies

Reporting class

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

The accounting policies applied to these 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.

Income statement

Gross profit or loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in The Annual Report.

Administrative costs

Administrative costs comprise expenses incurred for the Entity's administrative functions and management, including office expenses, depreciation, etc.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend received from the individual group enterprises in the financial year.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises.

Accounting policies

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

Investments in group enterprises

Investments in group enterprises are measured at cost and 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.

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.

Cash

Cash comprises cash in hand and bank deposits.

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.

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 computed on this year's taxable income, adjusted for prepaid tax