Toly Group International ApS
CVR-nr. 25 69 57 47
Vesterbrogade, 149, DK-1620, København V,
Denmark

Annual Report and Consolidated Financial Statements - 31 December 2016

The Annual Report and Consolidated Financial statements was presented and adopted at the Annual General Meeting of the Company on 30 May 2017

Jørgen Kvist Hansen – Chairman

Contents

Management's Statement on the Annual Report

The Executive Board has today considered and adopted the Annual Report and Consolidated Financial Statements of Toly Group International ApS for the financial year 2016.

In 2016, the Group and Company adopted International Financial Reporting Standards (IFRS) as adopted by the EU for the first time. Previously, the Group's and Company's financial statements were prepared in accordance with Danish GAAP.

We consider that the accounting policies have been appropriately applied, and in our opinion the Annual Report gives a true and fair view of the financial position and the results of operations and cash flows of the Group and the Company.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 29 May 2017

Executive Board

Andrew Imre Gatesy	Joseph John Vella	William Wait
Jørgen Kvist Hansen	Samuel Xuereb	Nicholas Xuereb

Independent Auditor's Report

To the Shareholders of Toly Group International ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Toly Group International ApS for the financial year 1 January - 31 December 2017, which comprise statement of comprehensive income, Statements of financial position, statement of changes in equity, Statement of cash flows and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("financial statements").

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 Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for 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.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report - continued

To the Shareholders of Toly Group International ApS

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company'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 Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our 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 Parent Company to cease to continue as a going concern.

Independent Auditor's Report - continued

To the Shareholders of Toly Group International ApS

Auditor's Responsibilities for the Audit of the Financial Statements - continued

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

- 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.

Hellerup, 29 May 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jens Otto Damgaard
State Authorised Public Accountant

Company Information

The Company	Toly Group International ApS Vesterbrogade, 149, DK-1620, København V CVR-nr. 25 69 57 47 Financial year: 1 January - 31 December Municipality of reg. office: Copenhagen
Executive Board	Andrew Imre Gatesy Jørgen Kvist Hansen Joseph John Vella Nicholas Xuereb Samuel Xuereb William Wait
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Group Chart

Parent Company: Toly Group International ApS, Copenhagen/Denmark

100%	Toly Products UK Ltd. Surrey England/United Kingdom		
100%	Toly USA Inc. USA/USA		
100%	Toly France SAS Paris/France		
100%	Toly Products Limited Zejtun/Malta	100%	Highgate Properties Ltd. Malta
100%	Toly Belgium SPRL Belgium		
100%	Toly Management Limited Zejtun/Malta		
100%	Toly Malta Sales Ltd. Malta		
100%	Toly Asia Ltd. Kowloon/Hong Kong	100%	Toly Shenzhen Ltd. Shenzhen/China
40%	Toly Hong Kong Limited Hong Kong	100%	Toly China Ltd. China
40%	Toly Korea Ltd. South Korea	29%	TAP Korea Co. Ltd

Financial Highlights of the Group

Seen over a five-year period, the development of the Group is described by the following financial highlights.

In connection with the change in accounting framework from Danish GAAP to IFRS during 2016, the comparative figures for the years 2012 – 2014 have not be restated.

	2016 EUR'000	2015 EUR'000	2014* EUR'000	2013* EUR '000	2012* EUR '000
Key figures					
Profit/loss					
Revenue	**66,700**	63,924	52,502	52,982	56,166
Operating profit/(loss)	**2,341**	771	170	(111)	(211)
Profit/loss before financial income and expenses	**4,423**	1,305	583	292	323
Net financial income and expenses	**4,626**	1,748	273	385	95
Net profit/(loss) for the year	**4,268**	2,027	899	33	460
Balance sheet					
Balance sheet total	**47,578**	42,237	35,604	32,768	33,659
Equity	**16,626**	12,358	9,986	8,228	8,436
Cash flows					
Cash flows from:					
- operating activities	**3,259**	1,883	2,610	3,375	1,791
- investing activities	**(4,612)**	(2,088)	(3,918)	(1,053)	(1,654)
- financing activities	**880**	(582)	1,844	(632)	(571)
Change in cash and cash equivalents for the year	**(473)**	(787)	536	1,690	(434)
Number of staff	**396**	379	357	372	473

Financial Highlights of the Group - continued

	2016	2015	2014*	2013*	2012*
Ratios %					
Gross margin	14.8	13,8	13,4	15,6	16,3
Profit margin	3.5	1,1	1,1	0,6	0,6
Return on net assets	4.9	1,8	1,6	0,9	1,0
Solvency ratio	34.9	29.3	28,0	25,1	25,1
Return on equity	29.5	15,4	9,9	0,4	5,9

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, refer to accounting policies.

REVIEW

Preface

The Executive Board is pleased to present its 15th Annual Report and the Financial Statements for the year ending 31st December 2016.

Toly Group International ApS (TGI or Toly) is the Parent Holding Company of a Group spanning the globe, from North America through Europe up to South Korea. Toly has built itself to be a world leading packaging solutions provider for the beauty industry and other selected market niches.

The Group's shareholding interests vary from minority status to full ownership.

The Executive Board have decided to adopt International Financial Reporting Standards (IFRSs) in 2016 and move away from Danish GAAP. As a result, these financial statements, as outlined in other parts of this report have been drawn up using IFRSs.

Market development

"Step-Up 100" continues to be the theme for Toly. The objective is to grow the Toly Group and reach turnover of €100M by 2020. In order to achieve this target, the focus within Toly has been to raise the game within the various functions and for individuals of the organisation. Revenues for Toly increased by a further 4.3% in 2016 with a budget for 2017 that aims to achieve a further 20% growth.

In 2016, revenues reached €67M, when compared to 2015 at €64M, a growth of 4.3%. As outlined in 2015, the Group focused in re-organising the front end of the business, with the split of the Chief Commercial Officer into 2 roles, focusing on geographical regions and enhancing the calibre of the sales network. In 2016, the sales offices of USA – East coast, Paris, Brussels, Italy and Asia were reorganised in a drive to meet the €100M target. In addition, as opportunities on the West Coast USA continued to increase, Toly opened a new office in Los Angeles, which has already started to register significant growth in its first 12 months of operation.

The past year

Developments in the year

Toly Group revenues reached €66.7M in 2016, an increase of €2.8M over 2015. Generally, no specific market registered any significant increase but all markets had reasonably good results in 2016. In addition, the Group had a record number of developments in 2016 that are impacting sales for 2017. The developments in 2016 are also a key factor to the improved revenues as tooling sales reached record levels.

REVIEW - continued

The past year - continued

Developments in the year - continued

Profit before tax amounted to €4.4M compared to €1.3M in 2015, an increase of 239%. This factors that have driven this result can be split as follows:

1. Operations: The Group operational result was a profit before tax of over €3.0M compared to €1.3M in 2015, a 132% increase over the previous year. The improvement was attributable to various factors, including:
    a. A considerable improvement in the Malta factory performance, as a result of higher volumes and various cost initiatives aimed at improving the cost competitiveness of the plant.
    b. The sales network generally had improved results, particularly in the Scandinavia, UK and US markets.
    c. The trading divisions in Asia continue to perform strongly.
    d. The record number of tooling development projects.

The Group's customer base continues to increase and in 2016 Toly added a total of 61 new customers to the already large customer base of the Group.

As outlined in last year's report, challenges remain principally in manufacturing and the Group believes that retaining a core manufacturing structure is critical in meeting its growth objectives. The Korea and Chinese factories continue to perform well. However, the factory in Malta still faces a cost competitiveness challenge and in 2016 a number of initiatives were taken to commence the process to reduce the cost base.

As reported in the past few years, the Group entered into a Memorandum of Understanding with Indian investors in late 2013, to take over 100% of the share capital of Toly Products India Private Ltd, with initial payments effected in late May 2014. The balance due is currently in Escrow, awaiting final clearance from the authorities in India. Although this was not settled in 2016, the directors are confident that this will be finalised sometime in 2017.

Outlook

The Group continues to focus on its clear vision and strategy for the next three to five years - the milestone is to be a €100M business by 2020. The strategy of the Group has been built around this objective with specific yearly themes being set. In 2015 the theme was "Bull's eye – hit the target" in a drive to improve measurement and accountability across the business. For 2016, the theme was "Step-up 100", with a drive for each person within the Toly organisation to "step-up" their game, whereas the theme for 2017 is "Step-up 100 – From Vision to reality".

From a financial perspective, the Group's focus has translated itself into growth in the past two years, increasing from sales in the €53M region in 2013 and 2014, reaching just under €70M in 2016. As outlined last year, the business restructured the main sales offices in the largest two markets, specifically US and France, as the foundation to take the Group to the next level. At the same time, investments have been made and planned in all three manufacturing locations – Malta, China and South Korea. The focus is now on the operations and technical areas of the business.

The Group is confident that the targets for further growth in 2017 are achievable, and the Group aims to meet the same levels of profitability as 2016. At the same time, the financing of the Group made up of bank financing and re-invested profits, has been put in place to ensure that the Group has a strong financial foundation. Over the past three years the Group has doubled its equity base from €8M in 2013 to €16.6M in 2016 as the Group has re-invested all its profits.

REVIEW - continued

The past year - continued

Outlook - continued

At the same time, the executive management team continues to invest in people, technology and equipment, as part of the ingredients necessary to meet the Group's milestones.

The 2017 milestones of the Group are:

- Continue to build a privately owned sustainable business
- Build new factories in Malta (€12M) and South Korea (€13M)
- Continue to build aligned IT systems – ERP & CRM
- Achieve 20% growth
- Develop a business development function and widen the business offering

Capital base and going concern

The Group has continued to strengthen its financial position. This can be demonstrated through a further €4.3M increase in the equity base, following increases in the past two years, doubling the Group's equity base of the Group over a 3 year period. The Group's gearing ratio at 31 December 2016 was at 70% when compared to 107% in 2014.

The cash flow statement shows an increase in cash generated from operations, which amounted to €3.3M.
Capital expenditure increased considerably in the Group, reaching €4.6M, more than doubling from the previous year. These investments were made in the Malta factory in order to cater for expansion and the development of several new projects.

The Group continues to maintain focus on working capital and has managed to retain a relatively balanced working capital position throughout 2016. Through the better use of KPIs across the business, greater focus has been placed on stronger cash flow management, through better debt collection, increased credit risk assessment and improved reporting.

The Group continues to place a certain level of dependence on its bankers, HSBC, Bank of Valletta, Lombard Bank, and Banif Bank. All four banks continue to be partners to the business and have been very supportive of the Group's strategic direction. In addition, the Group has been working with two new banks in Malta to further spread the Group's credit exposure.

It is the view of the Directors that there is a reasonable expectation that the company and the Group are able to continue in operational existence for a period of at least 12 months from the end of the reporting period. Accordingly, the directors continue to adopt the going concern basis in preparing the Financial Statements.

Operating and market risks

Toly is an international group. Whilst the geographical spread of both its operations and its customers help hedge against particular circumstances in specific markets, Toly will monitor carefully the economic and financial scenarios across the world. The four banks which support Toly have shown their willingness to continue their support and to demonstrate this, in 2016, new financing from the existing bankers, was secured.

REVIEW - continued

The past year - continued

Foreign exchange risks

The Group operates internationally and is exposed to foreign exchange risks arising from various currency exposures primarily with respect to GB Pound and US Dollar. The currency exposure mainly arises on export sales, imported purchases and foreign currency borrowing.

Interest rates

The Group is predominantly financed through bank borrowings, mainly bearing floating rates of interest. The Group continues to negotiate the lowest possible interest rates as part of the overall focus on managing costs.

Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and interest-bearing borrowings. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the group's obligations. Management monitors liquidity risk by means of forecasts on the basis of expected cash flows over a twelve month period and assesses that the necessary financing options are available over the coming year.

The positive results over the last three years and the actions taken, as mentioned earlier, have maintained a relatively stable working capital position, facilitating the liquidity management of the Group. The shareholders have also shown continuous support of the business and intend to continue to do that if the need arises.

Strategy and objectives and expectations for the coming year.

The Group's milestone continues to be to reach a Group turnover of EUR 100 million by 2020 with at least 5% net profit and a positive cash flow in the short to medium term. With this milestone in mind, the Group Strategy is being built around this key objective.

Several activities continue to take place to meet this objective with the new corporate offices opened in Malta, together with a dedicated Innovation Centre. This has already had a major impact on customers, who have visited the Innovation Centre and subsequently partnered with Toly on several new projects. The Group continues to focus on enhancing the strength of its people, through highly powered training programmes and setting clear and focused KPI targets. In addition, the back end IT infrastructure is being enhanced in order to have a platform to run the business on sound and data driven decisions.

Toly is very active in a "red ocean" market. However, with measured but determined steps, Toly will move more towards "blue ocean" markets, improving prices and margins. In order to achieve, this, the Group will target customers through innovation and solutions rather than commodity products. At the same time, as part of the Group's blue ocean strategy, a number of critical success factors have been identified and action plans against each one of these have been set.

Research & Development

Within the Group's available resources and limitations, Toly is focused on being ahead of competition in finding alternative solutions for our customers. The Concept and Product Designers, Marketing and Development, work closely with institutions all over the world to keep abreast of what is available in the market and what the market expects. The R & D activity is done with a clear focus on adding value to existing customers and to entice potential customers to trust Toly with their developments.

REVIEW – continued

The past year - continued

External environment

The Group remains focused on eliminating any harm towards the environment. Toly has dedicated personnel to ensure that all national legislation is adhered to and in most cases exceeded. Toly strives hard to replicate the standards in our European operation in all the countries that Toly operates; this in line with the Group's policy of promoting a high standard of environmental awareness wherever Toly is operating.

Toly also works closely with all stakeholders to ensure that all products used in Toly's processes and all products manufactured by Toly are of the highest quality in terms of environmental protection for our future generations.

Intellectual capital

Toly's core value statement is very clear on how as an organisation, the Group places emphasis on people. Toly is a people company and Toly is a way of life. Toly has a strong corporate spirit and teamwork is an integral part of the Group's everyday activities. Management believe that people will make the difference.

Toly is on the constant look out for the best people who can take this Group forward, ensuring that customers are given a total solution for their needs. The Group has therefore added key personnel to help support Toly's growth ambitions.

Corporate social responsibility

Toly Group's policy is to manage the balance between the work place, the market place, the community and the environment. Toly has continuously aimed to contribute to the sustainable development of society and to meet the expectations of the stakeholders, namely the customers, the employees, the suppliers, the surrounding community and the environment. We are aware that our social, economic and environmental responsibities are intrinsic to our business and will address these duties though our Corporate Polciies and through our actions.

In 2012, Toly Products Limited was awarded the Environment Certification ISO14001, a certification that the company holds until today.

Gender distribution in management

The Toly Executive Board aims as a separate target in gender equality to have a female member on the Executive Board by the end of 2020. At this point in time, there are no female board members and the process to achieve this target has only just started.

For executive management and the remaining management team and management levels, so far, no target for gender equality has been set, but it will be evaluated by the Executive Board and executive management at a later stage. The evaluation will include a review of the different equality requirements in the different levels of the organisation in order to determine the appropriate levels of female participation, thereby achieving an adequate level of equality among the workforce.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Statements of comprehensive income

		Group		Company	
		Year ended 31 December			
	Notes	**2016**	2015	**2016**	2015
		EUR '000	EUR '000	**EUR '000**	EUR '000
Revenue	4	**66,700**	63,924	**-**	-
Production costs	5	**(56,847)**	(55,120)	**-**	-
Gross profit		**9,853**	8,804	**-**	-
Selling and distribution costs	5	**(1,391)**	(1,665)	**-**	-
Administrative expenses	5	**(6,721)**	(6,704)	**(17)**	(90)
Other operating income	7	**848**	566	**445**	433
Other operating expenses	8	**(248)**	(230)	**-**	(39)
Operating profit		**2,341**	771	**428**	304
Fair value gain on investment property	14	**1,391**	-	**-**	-
Share of profits of associates	16	**1,242**	1,083	**-**	-
Finance income	9	**43**	17	**32**	-
Finance costs	10	**(594)**	(566)	**(133)**	(115)
Profit before tax		**4,423**	1,305	**327**	189
Tax income	11	**203**	443	**-**	-
Profit for the year - attributable to owners of the Company		**4,626**	1,748	**327**	189
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		**(358)**	279	**-**	-
Total comprehensive income - attributable to the owners of the Company		**4,268**	2,027	**327**	189

The notes on pages 20 to 68 are an integral part of these financial statements.

Statements of financial position

		Group			Company		
		As at 31 December		As at 1 January	As at 31 December		As at 1 January
	Note	**2016**	2015	2015	**2016**	2015	2015
		EUR '000	EUR '000	EUR '000	**EUR '000**	EUR '000	EUR '000
ASSETS							
Non-current assets							
Intangible assets	12	**181**	186	108	-	-	-
Property, plant and equipment	13	**10,203**	7,507	7,352	-	-	-
Investment property	14	**6,617**	5,721	5,521	-	-	-
Investment in subsidiaries	15	-	-	-	**7,253**	7,253	7,253
Investment in associates	16	**5,215**	3,942	2,879	**315**	315	318
Available-for-sale financial assets	17	**32**	32	32	-	-	-
Total non-current assets		**22,248**	17,388	15,892	**7,568**	7,568	7,571
Current assets							
Inventories	18	**5,572**	5,373	4,185	-	-	-
Trade and other receivables	19	**16,937**	16,107	12,536	**559**	876	730
Current tax assets		**119**	213	227	-	-	-
Cash and cash equivalents	20	**2,702**	3,156	3,109	**53**	57	240
Total current assets		**25,330**	24,849	20,057	**612**	933	970
Total assets		**47,578**	42,237	35,949	**8,180**	8,501	8,541
EQUITY AND LIABILITIES							
Equity attributable to the owners of the Company							
Share capital	21	**800**	800	800	**800**	800	800
Share premium	21	**5,684**	5,684	5,684	**5,684**	5,684	5,684
Other reserve	22	**(579)**	(221)	(500)	-	-	-
Retained earnings		**10,721**	6,095	4,347	**(2,514)**	(2,841)	(3,030)
Total equity		**16,626**	12,358	10,331	**3,970**	3,643	3,454

Statements of financial position - continued

		Group			Company		
		As at 31 December		As at 1 January	**As at 31 December**		As at 1 January
	Note	**2016**	2015	2015	**2016**	2015	2015
		EUR '000	EUR '000	EUR '000	**EUR '000**	EUR '000	EUR '000
LIABILITIES							
Non-current liabilities							
Borrowings	25	**4,189**	4,276	4,584	**-**	-	-
Deferred tax liabilities	23	**495**	379	370	**-**	-	-
Provisions for other liabilities and charges		**121**	47	11	**-**	-	-
Total non-current liabilities		**4,805**	4,702	4,965	**-**	-	-
Current liabilities							
Trade and other payables	24	**18,661**	18,100	14,339	**4,210**	4,858	5,087
Current tax liabilties		**62**	165	145	**-**	-	-
Borrowings	25	**7,424**	6,912	6,169	**-**	-	-
Total current liabilities		**26,147**	25,177	20,653	**4,210**	4,858	5,087
Total liabilities		**30,952**	29,879	25,618	**4,210**	4,858	5,087
Total equity and liabilities		**47,578**	42,237	35,949	**8,180**	8,501	8,541

The notes on pages 20 to 68 are an integral part of these financial statements.

Statement of changes in equity

Group

		Attributable to owners of the Company				
	Notes	**Share capital EUR '000**	**Share premium EUR '000**	**Other reserves EUR '000**	**Retained earnings EUR '000**	**Total EUR '000**
Balance as at 1 January 2015		800	5,684	(500)	4,347	10,331
Comprehensive income						
Profit for the year		-	-	-	1,748	1,748
Other comprehensive income for the year - currency translation differences		-	-	279	-	279
Total comprehensive income for the year		-	-	279	1,748	2,027
Balance as at 31 December 2015		800	5,684	(221)	6,095	12,358
Balance as at 1 January 2016		800	5,684	(221)	6,095	12,358
Comprehensive income						
Profit for the year		-	-	-	4,626	4,626
Other comprehensive income for the year - currency translation differences		-	-	(358)	-	(358)
Total comprehensive income for the year				(358)	4,626	4,268
Balance as at 31 December 2016		**800**	**5,684**	**(579)**	**10,721**	**16,626**

Statement of changes in equity

Company	Notes	**Share capital EUR '000**	**Share premium EUR '000**	**Retained earnings EUR '000**	**Total EUR '000**
Balance as at 1 January 2015		800	5,684	(3,030)	3,454
Comprehensive income					
Profit for the year - total comprehensive income		-	-	189	189
Balance as at 31 December 2015		800	5,684	(2,841)	3,643
Balance as at 1 January 2016		800	5,684	(2,841)	3,643
Comprehensive income					
Profit for the year – total comprehensive income		-	-	327	327
Balance as at 31 December 2016		**800**	**5,684**	**(2,514)**	**3,970**

Statements of cash flows

	Notes	Group 2016 EUR '000	Group 2015 EUR '000	Company 2016 EUR '000	Company 2015 EUR '000
Cash generated from/(used in) operations	26	**3,840**	1,975	**97**	(186)
Interest paid		**(594)**	(566)	**(133)**	-
Interest received		**43**	17	**32**	-
Income tax received		**334**	457	**-**	-
Net cash generated from operating activities		**3,623**	1,883	**(4)**	(186)
Cash flows from investing activities					
Purchase of intangible assets	12	**(65)**	(134)	**-**	-
Purchase of property, plant and equipment	13	**(4,589)**	(2,118)	**-**	-
Proceeds from sale of intangibles and property, plant and equipment		**42**	-	**-**	-
Proceeds from disposal of investment in associate		**-**	3	**-**	3
Dividends received		**-**	161	**-**	-
Cash flows used in investing activities		**(4,612)**	(2,088)	**-**	-
Cash flows from financing activities					
Proceeds from/(repayments of) borrowings		**869**	(582)	**-**	-
Cash flows generated from/ (used in) financing activities		**869**	(582)	**-**	-
Net movement in cash and cash equivalents		**(120)**	(787)	**(4)**	(183)
Cash and cash equivalents at beginning of the year		**(2,104)**	(1,255)	**57**	240
Effect of translation from functional to presentation currency		**111**	(62)	**-**	-
Cash and cash equivalents at the end of the year		**(2,113)**	(2,104)	**53**	57

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. The Annual Report is presented in EUR thousands.

1.1 Basis of preparation and adoption of IFRS

The consolidated financial statements include the financial statements of Toly Group International ApS and its subsidiaries. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. They have been prepared under the historical cost convention, as modified by the fair valuation of investment property.

The Group and the Company first adopted IFRSs during the year ended 31 December 2016, with a date of transition to IFRSs of 1 January 2015. The Group's and the Company's financial statements for the year ended 31 December 2016 are the first financial statements that comply with IFRSs. Its last audited financial statements prepared in accordance with Danish GAAP were for the year ended 31 December 2015.

IFRSs as adopted by the EU differ in certain respects from Danish GAAP. When preparing these financial statements, management amended certain accounting and valuation methods applied in Danish GAAP financial statements to comply with IFRSs. Subject to certain transition elections disclosed in note 30, the Group and the Company have consistently applied the accounting policies used in the preparation of the opening IFRS statement of financial position at 1 January 2015 throughout all periods presented, as if these policies had always been in effect. Note 30 discloses the impact of the transition to IFRS on the Group's and the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Group's and the Company's financial statements for the year ended 31 December 2015 prepared under Danish GAAP.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Standards, interpretations and amendments to published standards effective in 2016

In 2016, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2016. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group's accounting periods beginning after 1 January 2016. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Group's directors are of the opinion that, with the possible exception of IFRS 9, IFRS 15 and IFRS 16, there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation and adoption of IFRS - continued

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. Amongst others, it replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group is considering the implications of the standard and its impact on the Group's financial results and position, together with the timing of its adoption, taking cognisance of the endorsement process by the EU.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted, subject to endorsement by the EU. The Group is assessing the impact of IFRS 15.

Under IFRS 16, 'Leases', a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts; an optional exemption is available for certain short-term leases and leases of low-value assets. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to endorsement by the EU, and subject to the Group also adopting IFRS 15. The Group is assessing the impact of IFRS 16.

1.2 Consolidation

The Annual Report comprises the Parent Company, Toly Group International ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

The financial statements used for the purpose of the Annual Report of the Group have been prepared in accordance with the accounting policies of the Group. The Annual Report of the Group has been prepared on the basis of the financial statements of the Parent Company and subsidiaries by combining accounting items of a uniform nature.

1. **Summary of significant accounting policies** - continued

1.2 Consolidation - continued

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consieration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed (identifiable net assets) in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired. If this is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

On consolidation, elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Cost includes directly attributable costs of the investment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The results of subsidiaries are reflected in the company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1. **Summary of significant accounting policies** - continued

1.2 Consolidation - continued

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests, where the acquisition or disposal of partial interests in a subsidiary has no impact on the Group's ability to govern control the subsidiary's financial and operating policies, as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statements, investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date on which significant influence is acquired. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to its share of the associates' profit/(loss) in profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

1. **Summary of significant accounting policies** - continued

1.2 Consolidation - continued

(c) Associates - continued

When the Group ceases to have significant influence, any retained interest in the entity is remeasured to its fair value at the date when significant influence is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

In the Company's separate financial statements, investments in associates are accounted for by the cost method of accounting, i.e. at cost less impairment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of associates are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in euro, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'administrative expenses'.

1. **Summary of significant accounting policies** - continued

1.3 Foreign currency translation - continued

(c) Group companies

Income statements of foreign entities are translated into the group's presentation currency at the average exchange rates for the year and statements of financial position are translated at the exchange rates ruling at year-end. All resulting translation differences are recognised in other comprehensive income.

Exchange differences arising from the translation of the net investment in foreign entities and of borrowings are taken to other comprehensive income. On disposal or partial disposal of a foreign entity, translation differences that were previously recognised in other comprehensive income are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Translation differences are recognised in other comprehensive income.

1.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is recognised upon delivery of products or performance of services, and is stated net of sales tax, returns, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met as described below.

(a) Sale of goods

All revenues are recognised in the income statement as earned based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined, and payment has been received at the time of sale or may with reasonable certainty be expected to be received.

Based on the above, revenues are recognised in the income statement as earned. Furthermore, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

1. **Summary of significant accounting policies** - continued

1.5 Production costs

Production costs comprise expenses incurred to generate the revenue for the year. The cost comprises raw materials, consumables, direct labour and factory overheads such as maintenance and depreciation, etc, as well as factory operation, administration and management of factories.

Research expenses, development costs that do not meet the capitalisation criterion and amortisation of capitalised development costs are also recognised under production expenses. Amortisation of goodwill is furthermore recognised to the extent that goodwill relates to manufacturing activities.

1.6 Selling and distribution expenses

Distribution expenses comprise expenses such as salaries for sales personnel and distribution staff, advertising and marketing expenses, as well as motor vehicles depreciation and amortisation, etc.

1.7 Administrative expenses

Administrative expenses include expenses for Management, the administrative staff, office expenses, telephone, travel expenses, maintenance, amortisation, depreciation, etc. Amortisation and depreciation, including amortisation of goodwill, are also included with the share relating to the administration activity.

1.8 Other operating income/expenses

Other operating income and other operating expenses comprise items of a secondary nature compared to the core activities of the Group.

1.9 Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments.

1.10 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

1. Summary of significant accounting policies - continued

1.10 Intangible assets - continued

(b) Patents

Development costs are capitalised and amortised using the straight-line method over their useful life, generally over a period of five years. Intangible assets are not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

1.11 Property, plant and equipment

Property, plant and equipment comprising land and buildings, plant, machinery and equipment, office furniture and equipment and motor vehicles are initially recorded at cost and are subsequently shown at cost less depreciation. Costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated to write off the cost of each asset to their residual values over their estimated useful life. All assets are depreciated using the straight line method.

Property, plant and equipment is depreciated using the straight-line method. The principal annual rates used for this purpose are:

Buildings	2%
Plant and machinery	7.5% - 20%
Office furniture and equipment	10%
Computer equipment	20%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are taken into account in profit or loss.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

1.12 Impairment of fixed assets

The carrying amounts of both property, plant and equipment is reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by normal depreciation. If so, the asset is written down to the lower recoverable amount. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where it is not possible to determine the recoverable amount for the individual asset, the smallest group of assets for which it is possible to state the recoverable amount is reviewed for impairment.

1. Summary of significant accounting policies - continued

1.13 Leases

Leases in respect of property, plant and equipment in terms of which the individual group enterprises assume substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the fair value of the leased asset, if measurable. Alternatively, the net present value, if lower, of future lease payments at the inception of the lease is applied. When computing the net present value, the interest rate implicit in the lease is applied as the discount rate or an approximated value. Assets acquired under finance leases are depreciated and written down for impairment like the other property, plant and equipment of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement over the lease term.

1.14 Investment property

Investment property, principally comprising freehold office buildings, residential units and garage spaces are held for long-term rental yields or for capital appreciation or both, and are not occupied by the group. Investment property also includes property that is being constructed or developed for future use as investment property, when such identification is made.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. After initial recognition, investment property is carried at fair value, representing open market value determined annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

These valuations are reviewed annually by the directors in consultation with real estate and professionals advisors. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. The fair value of investment property reflects, among other things, comparative prices for similar units in locations adjacent to the Group's investment property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

1. Summary of significant accounting policies - continued

1.14 Investment property - continued

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes. When the group decides to dispose of an investment property without development, the group continues to treat the property as an investment property. Similarly, if the group begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss; with any remaining increase recognised in other comprehensive income, directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged to other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

1.15 Inventories

Inventories are measured at the lower of cost and net realisable value. The net realisable value of inventories is calculated as the total of future sales revenues expected, at the balance sheet date, to be generated by inventories in the process of normal operations and determined allowing for marketability, obsolescence and development in expected sales sum less the estimated expenses necessary to make the sale.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Any borrowing expenses in the period of construction are not recognised.

1. Summary of significant accounting policies - continued

1.16 Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss.

When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited in the profit or loss.

1.17 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

1.19 Dividends

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

1.20 Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

1. **Summary of significant accounting policies** - continued

1.21 Government grants

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants are recognised directly in profit or loss to the extent that the government cash grant relates to compensation for the conversion of unutilised tax credits to which the Group was entitled.

The Group is also entitled to government grants arising from various activities including staff training and fairs and exhibitions which are also recognised in profit or loss once cash is received.

1.22 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.23 Financial debts

Fixed-interest loans, such as loans from credit institutions, intended to be held to maturity are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost equal to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value (the capital loss) is recognised in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

1.24 Prepayments and deferred income

Prepayments include expenses incurred in respect of subsequent financial years. Such expenses are typically prepaid expenses concerning rent, insurance premiums, acquisition of tooling not yet commissioned and interest.

Deferred income includes payments received in respect of income in subsequent years.

1. **Summary of significant accounting policies** - continued

1.25 Corporate income tax and deferred tax

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity entries is recognised directly in equity.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes or other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Adjustment is made for deferred tax concerning eliminations made in respect of unrealised intercompany gains and losses.

Deferred tax is measured on the basis of the tax rules and tax rates of the respective countries that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

1.26 Statements of cash flows

The statements of cash flows show the Group's and the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the consolidated profit/loss for the year adjusted for non-cash operating items such as depreciation, amortisation and impairment losses, provisions as well as changes in working capital, interest received and paid and corporation tax paid. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as investment property.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payment of dividend to shareholders.

1. **Summary of significant accounting policies** - continued

1.27 Definition of financial ratios

Gross profit	=	$\dfrac{\textit{Gross profit/loss x 100}}{\textit{Revenue}}$
Profit margin	=	$\dfrac{\textit{Profit/loss before financials x 100}}{\textit{Revenue}}$
Return on net asset	=	$\dfrac{\text{Profit/loss before financials x 100}}{\text{Total assets}}$
Solvency ratio	=	$\dfrac{\textit{Equity at year end x 100}}{\textit{Total assets}}$
Return on equity	=	$\dfrac{\text{Net profit/loss for the year x 100}}{\text{Average equity}}$

2. Financial risk management

2.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management, covering risk exposures for all group undertakings, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the respective company's financial performance. The Company's Executive Board provides principles for overall group risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risks primarily with respect to USD, GBP and HKD. The currency exposure mainly arises on export sales, imported purchases and foreign currency borrowings.

The table below summarises the Group's main exposures to foreign currencies, other than the functional currency, as at 31 December 2016, 2015 and 2014.

Group	Assets EUR '000	Liabilities EUR '000	Net exposure EUR '000
As at 31 December 2016			
Amounts denominated in USD as a foreign currency	9,969	5,179	4,790
Amounts denominated in GBP as a foreign currency	3,546	1,056	2,490
Amounts denominated in HKD as a foreign currency	171	2,238	(2,067)
	13,686	**8,473**	**5,213**
As at 31 December 2015			
Amounts denominated in USD as a foreign currency	8,528	4,534	3,994
Amounts denominated in GBP as a foreign currency	6,017	4,118	1,899
Amounts denominated in HKD as a foreign currency	308	2,158	(1,850)
	14,853	10,810	4,043
As at 1 January 2015			
Amounts denominated in USD as a foreign currency	5,713	5,397	316
Amounts denominated in GBP as a foreign currency	5,929	3,193	2,736
Amounts denominated in HKD as a foreign currency	127	407	(280)
	11,769	8,997	2,772

2. **Financial risk management** - continued

2.1 **Financial risk factors** - continued

(a) Market risk - continued

(i) Foreign exchange risk - continued

Company	Assets EUR '000	Liabilities EUR '000	Net exposure EUR '000
As at 31 December 2016			
Amounts denominated in USD as a foreign currency	105	-	105
Amounts denominated in GBP as a foreign currency	-	47	(47)
Amounts denominated in HKD as a foreign currency	171	-	171
	276	**47**	**229**
As at 31 December 2015			
Amounts denominated in USD as a foreign currency	102	48	54
Amounts denominated in GBP as a foreign currency	-	126	(126)
Amounts denominated in HKD as a foreign currency	308	-	308
	410	**174**	**236**
As at 1 January 2015			
Amounts denominated in USD as a foreign currency	-	128	(128)
Amounts denominated in GBP as a foreign currency	-	274	(274)
Amounts denominated in HKD as a foreign currency	212	-	212
	212	402	(190)

At 31 December 2016, if the USD had weakened/strengthened by 10% against the respective functional currencies with all other variables held constant, the Group's pre-tax profit for the year would have been €479,053 (2015: €399,484 and 2014: €31,600) lower/higher. Similarly, if the GBP had weakened/strengthened by 10% against the respective functional currencies with all other variables held constant, the Group's pre-tax profit for the year would have been €249,073 (2015: €189,862 and 2014: €273,519) lower/higher. Likewise, if the HKD had weakened/strengthened by 10% against the respective functional currencies with all other variables held constant, the Group's pre-tax profit for the year would have been €206,655 (2015: €185,004 and 2014: €28,000) lower/higher as a result of foreign exchange losses/gains on translation of EUR denominated cash and cash equivalents and receivables into the respective functional currency.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(a) Market risk - continued

(ii) Cash flow and fair value interest rate risk

The Group's operating income and cash flows are substantially independent of changes in market interest rates. The Group's significant interest-bearing financial instruments comprise mainly bank borrowings, which are predominantly floating rate instruments and other loans, which are a mixture of fixed and floating rate instruments. Interest rate and related maturity information is disclosed in note 25 to this Annual Report. Up to 31 December 2016, the Group did not have any hedging policy with respect to interest rate risk as Management did not consider the exposure to such risks to be significant.

The exposure to cash flow and fair value interest rate risk, as at 31 December is shown below:

Group	Floating rates EUR '000
At 31 December 2016	
Interest-bearing assets	
Cash at bank	420
Interest-bearing liabilities	
Bank borrowings	5,928
Bank overdrafts	4,815
Other loans	848
	11,591
Net exposure	11,171
At 31 December 2015	
Interest-bearing assets	
Cash at bank	237
Interest-bearing liabilities	
Borrowings	5,775
Bank overdrafts	5,260
Other loans	121
	11,156
Net exposure	10,919

1 **Financial risk management** - continued

2.1 Financial risk factors - continued

(a) Market risk - continued

(ii) Cash flow and fair value interest rate risk - continued

Group	Floating rates EUR '000
At 1 January 2015	
Interest-bearing assets	
Cash at bank	228
Interest-bearing liabilities	
Borrowings	6,316
Bank overdrafts	4,364
Other loans	-
	10,680
Net exposure	10,452

Based on the amounts disclosed above and the current economic climate, the directors are of the opinion that the Group is not significantly exposed to changes in interest rates. Accordingly, a sensitivity analysis disclosing how profit or loss, and other comprehensive income, would be impacted by a change in interest rates that was reasonably possible at the end of the reporting period, is not required.

2. **Financial risk management** - continued

2.1 **Financial risk factors** - continued

(b) Credit risk

Financial assets that potentially subject the Company and the Group to concentrations of credit risk consist principally of cash at bank and receivables. The Group's cash is placed with recognised financial institutions. The Group's exposure to credit risk is limited due to the large number of customers, which comprise the basis of receivables.

The Group's and the Company's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	Maximum exposure					
	Group			**Company**		
	2016	2015	1 January 2015	**2016**	2015	1 January 2015
	EUR '000	EUR '000	EUR '000	**EUR '000**	EUR '000	EUR '000
Trade and other receivables	**16,937**	16,107	12,536	**559**	876	730
Cash and cash equivalents	**2,702**	3,156	3,109	**53**	57	240
Total loans and receivables	**19,639**	19,263	15,645	**612**	933	970
Prepayments and other receivables not subject to credit risk	**(1,605)**	(1,549)	(1,442)	**-**	-	-
Amounts exposed to credit risk	**18,034**	17,714	14,203	**612**	933	970

The maximum exposure to credit risk at the reporting period in respect of the financial assets mentioned above is equivalent to the gross carrying amount.

The Group and the Company bank only with financial institutions with high quality standing or rating and as such the directors do not consider credit risk in this respect to be significant.

2. **Financial risk management** - continued

2.1 **Financial risk factors** - continued

(b) Credit risk - continued

As part of its credit risk management, the Group assesses the credit quality of its customers taking into account the financial position, past experience, and other factors. It has policies in place to ensure that sales of services are affected to customers with an appropriate credit history. The Group monitors the performance of these financial assets on a regular basis to identify incurred collection losses, which are inherent in the Group's receivables taking into account historical experience in the collection of accounts receivable. The Group has no significant concentration of credit risk with respect to its trade and other receivables in view of the significant number of customers comprising its receivable base.

The Group manages credit limits and exposures actively in a practicable manner such that past due receivables from customers are minimised at the reporting date. The Group's trade and other receivables, which are not impaired financial assets, are principally in respect of transactions with customers for whom there is no recent history of default and were regular payments are being affected by these clients. The directors do not expect any material losses from non-performance of these customers.

As at 31 December 2016, trade receivables of EUR 4,479k (2015: EUR 4,517k and 2014: EUR 2,536k) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

		Group	
	2016	2015	1 January 2015
	EUR '000	EUR '000	EUR '000
Up to 12 months	**4,479**	4,517	2,536

As at 31 December 2016, trade receivables of EUR19.4k (2015: EUR6.7k and 2014: EUR36.8k) were impaired.

2. **Financial risk management** - continued

2.1 **Financial risk factors** - continued

((c) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise trade and other payables and borrowings (refer to notes 24 and 25). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Group's obligations.

Management monitors liquidity risk by reviewing expected cash flows, and ensures that no additional financing facilities are expected to be required over the coming year. As at 31 December 2016, the Group's current liabilities exceeded its current assets of €25,330k (2015: €24,849k) by €817,000 (2015: €328,000). Notwithstanding this working capital deficiency, the Group's liquidity risk is not considered to be material in view of the existing financing arrangements and the matching of cash inflows and outflows arising from expected maturities of financial instruments. The Group gives due consideration to the availability of assets that may be realised in the event of need, including investment property.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount EUR '000	Within 1 year EUR '000	Between 1 and 5 years EUR '000	After 5 years EUR '000
Group				
At 31 December 2016				
Borrowings	11,603	7,614	3,865	244
Trade and other payables	18,661	18,661	-	-
	30,264	26,275	3,865	244

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk - continued

	Carrying amount EUR '000	Within 1 year EUR '000	Between 1 and 5 years EUR '000	After 5 years EUR '000
At 31 December 2015				
Borrowings	11,156	7,054	4,616	543
Trade and other payables	18,100	18,100	-	-
	29,661	25,154	4,616	543
At 1 January 2015				
Borrowings	10,680	6,546	3,463	867
Trade and other payables	14,339	14,339	-	-
	25,019	20,884	3,463	867
Company				
At 31 December 2016				
Trade and other payables	4,210	4,210	-	-
At 31 December 2015				
Trade and other payables	4,858	4,858	-	-
At 1 January 2015				
Trade and other payables	5,087	5,087	-	-

2. **Financial risk management** - continued

2.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's capital structure, which consists of items presented within equity in the statement of financial position, is monitored at a group level with appropriate reference to subsidiaries' financial conditions and prospects.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

In view of the Group's activities and the extent of borrowings or debt the capital level at the end of the reporting period determined by reference to the consolidated financial statements is deemed adequate by the Director.

2.3 Fair value estimation

The different levels of fair values of financial instruments have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 December 2016 and 2015, the Group and the Company did not hold financial instruments that are measured at fair value.

At 31 December 2016 and 2015 the carrying amounts of cash at bank, trade and other receivables, trade and other payables and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

See note 14 for disclosures relating of investment properties measured at fair value.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

4 Revenue

Revenue amounting €66,700,000 (2015: €63,924,000) mainly comprises sales and export of luxury packaging for the cosmetics, fragrance and skin care industries.

5 Expenses by nature

	Group		Company	
	2016	2015	**2016**	2015
	EUR '000	EUR '000	**EUR '000**	EUR '000
Movement in inventory	**199**	1,188		
Cost of production, materials and goods acquired	**49,185**	47,733	-	-
Directors' fees	**648**	681	-	-
Employee benefit expense (note 6)	**8,523**	8,066	-	-
Depreciation and amortisation (notes 12 and 13)	**1,893**	2,024	-	-
Transport costs	**118**	148	-	-
Advertising costs	**24**	20	-	-
Operating lease payments	**96**	69	-	-
Exchange differences	**27**	69	-	-
Other expenses	**4,246**	3,491	**17**	90
Total production costs, distribution costs and administration expenses	**64,959**	63,489	**17**	90

5 Expenses by nature - continued

Auditor's fees

Fees charged by the auditor for services rendered during the financial years ended 31 December 2016 and 2015 relate to the following:

	Group		Company	
	2016	2015	**2016**	2015
	EUR '000	EUR '000	**EUR '000**	EUR '000
Annual fee	**109**	111	**14**	14
Non-audit fee	**54**	70	**-**	-
	163	181	**14**	14

The total audit fee is analysed as follows by audit firm:

	Group		Company	
	2016	2015	**2016**	2015
	EUR '000	EUR '000	**EUR '000**	EUR '000
PricewaterhouseCoopers	**54**	51	**14**	14
Other audit firms	**109**	130	**-**	-
	163	181	**14**	14

6 Employee benefit expense

	Group	
	2016	2015
	EUR '000	EUR '000
Wages and salaries	**7,429**	7,001
Social security expenses	**840**	788
Other benefits	**254**	277
	8,523	8,066

Average number of persons employed by the Group during the year:

	Group	
	2016	2015
Direct	**165**	153
Indirect	**125**	123
Administrative	**101**	101
Executive directors - holding company	**5**	2
	396	379

7 Other operating income

	Group		Company	
	2016	2015	**2016**	2015
	EUR '000	EUR '000	**EUR '000**	EUR '000
Foreign exchange gains	**216**	232	**-**	-
Rental income from investment property	**108**	121	**-**	-
Dividend income	**-**	-	**178**	301
Other income	**524**	213	**267**	132
	848	566	**445**	433

8 Other operating expenses

	Group		Company	
	2016	2015	**2016**	2015
	EUR '000	EUR '000	**EUR '000**	EUR '000
Foreign exchange losses	**209**	191	**-**	39
Provision for claims of contract termination	**39**	39	**-**	-
	248	230	**-**	39

9 Finance income

	Group		Company	
	2016	2015	**2016**	2015
	EUR '000	EUR '000	**EUR '000**	EUR '000
Bank and other interest income	**43**	17	**32**	-

10 Finance costs

	Group		Company	
	2016	2015	**2016**	2015
	EUR '000	EUR '000	**EUR '000**	EUR '000
Bills, discounting charges	**88**	79	**-**	-
Bank loans and overdraft facilities	**343**	385	**-**	-
Bank charges	**91**	96	**-**	-
Finance leases	**24**	5	**-**	-
Other	**48**	1	**133**	115
	594	566	**133**	115

11 Tax income

	Group		Company	
	2016	2015	**2016**	2015
	EUR '000	EUR '000	**EUR '000**	EUR '000
Current tax	**(342)**	(443)	**-**	-
Deferred tax (Note 23)	**139**	-	**-**	-
Total tax for the year	**(203)**	(443)	**-**	-

The tax on the Group and Parent Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2016	2015	**2016**	2015
	EUR '000	EUR '000	**EUR '000**	EUR '000
Profit before tax	**4,423**	1,305	**327**	189
Tax on profit for the year	**1,039**	307	**77**	38
Tax effect of:				
Different tax rates in other countries	**(52)**	(46)	**5**	-
Expenses not deductible for tax purposes	**18**	16	**38**	49
Unrecognised deferred tax asset	**(65)**	264	**-**	-
Government grant	**(529)**	(660)	**-**	-
Exempt income	**(153)**	(304)	**(119)**	(87)
Effect of taxation of property	**481**	-	**-**	-
Other differences	**97**	(20)	**-**	-
Tax income	**(203)**	(443)	**-**	-

In 2016, the Government of Malta granted a subsidy to Toly Products Limited in the form of a cash contribution of EUR 529,076, through a conversion into cash of part of the investment tax credits to which the Maltese subsidiary is entitled. The subsidy has been recognised as a tax credit in the income statement. The entitlement to this subsidy is subject to certain conditions and Management is satisfied that the relevant criteria were met.

12 Intangible assets

Group	Patents EUR '000	Goodwill EUR '000	Total EUR '000
At 1 January 2015			
Cost	225	1,450	1,675
Accumulated amortisation	(117)	(1,450)	(1,567)
Net book amount	108	-	108
Year ended 31 December 2015			
Opening net book amount	108	-	108
Additions	134	-	134
Amortisation	(56)	-	(56)
Closing net book amount	186	-	186
At 31 December 2015			
Cost	359	1,450	1,809
Accumulated amortisation	(173)	(1,450)	(1,623)
Net book amount	186	-	186
Year ended 31 December 2016			
Opening net book amount	186	-	186
Additions	65	-	65
Amortisation	(70)	-	(70)
Closing net book amount	**181**	**-**	**181**
At 31 December 2016			
Cost	424	1,450	1,874
Accumulated amortisation	(243)	(1,450)	(1,693)
Net book amount	**181**	**-**	**181**

13 Property, plant and equipment

Group

	Factory buildings and improvements to premises EUR '000	Plant and machinery EUR '000	Fixtures and fittings, tools and equipment EUR '000	Total EUR '000
At 1 January 2015				
Cost	1,828	36,375	2,330	40,533
Accumulated depreciation	(92)	(31,289)	(1,800)	(33,181)
Net book amount	1,736	5,086	530	7,352
Year ended 31 December 2015				
Opening net book amount	1,736	5,086	530	7,352
Additions	122	1,870	126	2,118
Depreciation	(102)	(1,707)	(159)	(1,968)
Currency translation differences	-	-	5	5
Closing net book amount	1,756	5,249	502	7,507
At 31 December 2015				
Cost	1,950	38,245	2,461	42,656
Accumulated depreciation	(194)	(32,996)	(1,959)	(35,149)
Net book amount	1,756	5,249	502	7,507
Year ended 31 December 2016				
Opening net book amount	1,756	5,249	502	7,507
Disposals	(40)	(2)	-	(42)
Additions	330	3,914	345	4,589
Depreciation	(118)	(1,638)	(67)	(1,823)
Currency translation differences	-	-	(28)	(28)
Closing net book amount	**1,928**	**7,523**	**752**	**10,203**
At 31 December 2016				
Cost	2,240	42,157	2,778	47,175
Accumulated depreciation	(312)	(34,634)	(2,026)	(36,972)
Net book amount	**1,928**	**7,523**	**752**	**10,203**

13 Property, plant and equipment - continued

Depreciation expense of €1,663k (2015: €1,759k) has been charged in 'cost of sales' and €160k (2015: €209k) in 'administrative expenses'.

Fixtures and fittings, tools and equipment includes the following amount where the Group is a lessee under a finance lease:

	Group		
	As at 31 December		As at 1 January
	2016	2015	2015
	EUR '000	EUR '000	EUR '000
Cost-capitalised finance lease	**191**	191	308
Accumulated depreciation	**(146)**	(120)	(164)
Net book amount	**45**	71	144

14 Investment property

Investment properties are properties which the Group holds in order to gain rental income or appreciation of assets.

	Group	
	2016	2015
	EUR '000	EUR '000
At 1 January		
Cost	**4,339**	4,139
Fair value gains	**1,382**	1,382
Net book amount	**5,721**	5,521
Year ended 31 December 2015		
Opening net book amount	**5,721**	5,521
Gains from changes in fair value	**1,391**	-
Currency translation differences	**(495)**	200
Closing net book amount	**6,617**	5,721
At 31 December		
Cost	**3,844**	4,339
Fair value gains	**2,773**	1,382
Net book amount	**6,617**	5,721

Fair valuation of investment property

The Group obtains independent valuations for its investment properties annually from real estate agents or professional advisors. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- Discounted cash flow projections based on reliable estimates of future cash flows
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

14. **Investment property** - continued

Fair valuation of investment property - continued

The Group is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group's investment property comprises residential properties, an office block and retail space leased out to third parties. All the recurring property fair value measurements at 31 December 2016 use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the year ended 31 December 2016 and 2015.

A reconciliation from the opening balance to the closing balance of investment property for recurring fair value measurements categorised within Level 3 of the value hierarchy is presented in the table above. Gains from changes in fair value have been recognised in the income statement.

Valuation processes

Valuation of the property is assessed regularly by management with reference to a value estimated by real estate agents or professional architects, on a yearly basis. These reports are based on both:

- information provided by the Company which is derived from the Company's financial systems and is subject to the company's overall control environment; and
- assumptions and valuation models used by the valuers – the assumptions are typically market related. These are based on professional judgement and market observation.

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by the Chief Executive Officer (CEO). This includes a review of fair value movements over the period. When the CEO considers that the valuation report is appropriate, the valuation report is recommended to the Executive Board. The Executive Board considers the valuation report as part of its overall responsibilities.

At the end of every reporting period, the CEO assesses whether any significant changes or developments have been experienced since the last external valuation and reports to the Executive Board on the outcome of this assessment.

14. **Investment property** - continued

Valuation techniques

The external valuations of the Level 3 property have been performed using an estimated sales approach for the value of the land on the basis of market values of other areas close to the site. In view of a limited number of similar sales in the market, the valuations have been performed using unobservable inputs. The significant input to this approach is generally a price per square metre related to transactions in comparable properties located in proximity to the Group's property, with adjustments for differences in the size, age, exact location and condition of the property.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description by class based on highest and best use	Fair value at 31 December 2016 EUR'000	Valuation technique	Significant unobservable input	Range of Unobservable Inputs EUR
Warehouses and office space in the United Kingdom	Eur2,978	Sales comparison approach	Sales price per square meter	€1,673 - €3,959
Residential units and car spaces	Eur3,639	Sales comparison approach	Sales price per square meter	€1,875 - €3,846

The current use of the investment property of the Group is deemed to constitute the highest and best use taking cognisance of the size and location of such property.

15 **Investment in subsidiaries**

	Company 2016 EUR '000	2015 EUR '000
As at 1 January and 31 December	**7,253**	7,253

15 Investment in subsidiaries - continued

The subsidiaries are shown below:

Name	Country of incorporation / place of business	Nature of business	Proportion of ordinary shares held by the Group (%)		
			As at 31 December		As at 1 January
			2016	2015	2015
Toly Products UK Limited	United Kingdom	Supply of packaging products	**100**	100	100
Toly Products (France) SA	France	Supply and packaging products	**100**	100	100
Toly Products Limited	Malta	Manufacture and export of luxury packaging	**100**	100	100
Toly Management Limited	Malta	Management, administrative, accounting and other back office functions for group companies	**100**	100	100
Toly USA Inc.	USA	Supply of packaging products	**100**	100	100
Toly Asia Limited	Hong Kong	Supply of packaging products	**100**	100	100
Toly Belgium SPRL	Belgium	Supply of packaging products	**100**	100	100
Highgate Properties Limited	Malta	Managing real estate and property development projects	**100**	100	100
Toly Malta Sales Limited	Malta	Trade in luxury packaging for cosmetic, fragrance and skin care industries	**100**	100	100

The Company holds all subsidiaries directly, except for Highgate Properties Limited, which is held by Toly Products Limited.

16 Investment in associates

	Group		Company	
	2016	2015	**2016**	2015
	EUR '000	EUR '000	**EUR '000**	EUR '000
As at 1 January	**3,942**	2,879	**315**	318
Disposals	**-**	-	**-**	(3)
Share of associates' profits	**1,242**	1,083	**-**	-
Dividends distributed by associates	**-**	(161)	**-**	-
Provision for impairment	**-**	(3)	**-**	-
Currency translation differences	**31**	144	**-**	-
As at 31 December	**5,215**	3,942	**315**	315

	Group		Company	
	2016	2015	**2016**	2015
	EUR '000	EUR '000	**EUR '000**	EUR '000
At 31 December				
Cost	**437**	437	**315**	315
Share of associates' profits and reserves	**4,778**	3,508	**-**	-
Impairment losses	**-**	(3)	**-**	-
As at 31 December	**5,215**	3,942	**315**	315

The associates are shown below:

Name	**Country of incorporation / place of business**	**Nature of business**	**Proportion of ordinary shares held by the Group (%)**		
			As at 31 December		**As at 1 January**
			2016	2015	2015
Toly Korea Inc	Korea	Selling of	**40**	40	40
TAP Korea	Korea	cosmetic	**12**	12	12
Toly (Hong Kong) Limited	Hong Kong	packaging	**40**	40	40

The Group measures its investment in associates (disclosed in the table above), using the equity method.

There are no contingent liabilities relating to the Group's interest in the associates.

The Company has a direct investment of 40% of the share capital of Toly (Hong Kong) Limited and Toly Korea Inc. which in turn owns 29% of TAP Korea.

16 **Investment in associates** - continued

Summarised financial information for material associates

Set out below are the summarised financial information for Toly Korea Inc which is accounted for using the equity method.

	Group and Company		
	As at 31 December		As at 1 January
	2016	2015	2015
	EUR '000	EUR '000	EUR '000
As at 31 December			
Non-current assets	**9,219**	6,741	1,959
Current assets	**8,331**	7,518	5,104
Non-current liabilities	**(1,423)**	(464)	(2)
Current liabilities	**(6,816)**	(6,751)	(2,379)
Net assets	**9,311**	7,044	4,683
Reconciliation to carrying amounts:			
As at 1 January	**7,044**	4,683	2,750
Profit/(loss) for the period	**2,580**	2,243	1,583
Other comprehensive income	**-**	-	-
Currency translation differences	**(313)**	118	349
Closing net assets	**9,311**	7,044	4,683
Year ended 31 December			
Revenue	**23,664**	21,371	17,132
Profit/(loss) from continuing operations	**2,580**	2,243	1,583
Group's share:			
Profit for the period	**1,032**	897	633

The information above reflects the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates.

16 **Investment in associates** - continued

Summarised financial information for material associates

Set out below are the summarised financial information for Toly (Hong Kong) Limited which is accounted for using the equity method.

	Group and Company		
	As at 31 December		As at 1 January
	2016	2015	2015
	EUR '000	EUR '000	EUR '000
As at 31 December			
Non-current assets	**1,020**	1,163	658
Current assets	**4,219**	5,169	4,475
Non-current liabilities	**(449)**	(680)	(534)
Current liabilities	**(1,319)**	(2,258)	(1,482)
Net assets	**3,470**	3,394	3,117
Reconciliation to carrying amounts:			
As at 1 January	**3,394**	3,117	2,409
Profit for the period	**154**	396	349
Other comprehensive income/(expense)	**(185)**	(73)	-
Dividend paid	**-**	(407)	-
Currency translation differences	**107**	360	359
Closing net assets	**3,470**	3,394	3,117
Year ended 31 December			
Revenue	**7,598**	9,700	7,390
Profit/(loss) from continuing operations	**154**	396	349
Other comprehensive income/(expense)	**(185)**	(73)	-
Group's share:			
Profit for the period	**67**	158	140
Other comprehensive income/(expense)	**(74)**	(29)	-
Dividend paid	**-**	(163)	-

The information above reflects the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates.

17 Available-for-sale financial assets

	Group	
	2016	2015
	EUR '000	EUR '000
At 1 January and 31 December	**32**	32

18 Inventories

	Group		
	As at 31 December		As at 1 January
	2016	2015	2015
	EUR '000	EUR '000	EUR '000
Raw material and consumables	**1,777**	1,651	1,157
Work in progress	**43**	63	236
Finished goods and goods for resale	**3,752**	3,659	2,792
	5,572	5,373	4,185

19 Trade and other receivables

	Group			Company		
	As at 31 December		**As at 1 January**	**As at 31 December**		**As at 1 January**
	2016	2015	2015	**2016**	2015	2015
	EUR '000	EUR '000	EUR '000	**EUR '000**	EUR '000	EUR '000
Trade receivables – gross	**13,827**	12,758	9,346	**-**	-	-
Less: provision for impairment of trade receivables	**-**	-	(23)	**-**	-	-
Trade receivables - net	**13,827**	12,758	9,323	**-**	-	-
Amouns due from associates	**225**	354	312	**171**	409	259
Amount due from other related parties	**-**	18	13	**-**	-	-
Other receivables	**1,280**	1,428	1,446	**388**	467	467
Prepayments	**1,605**	1,549	1,442	**-**	-	4
Trade recievables - current	**16,937**	16,107	12,536	**559**	876	730

All amounts due by the Group and the Company from related parties as at 31 December 2016 and 2015 were unsecured, interest-free, and had no fixed date for repayment.

20 Cash and cash equivalents

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	Group			Company		
	As at 31 December		**As at 1 January**	**As at 31 December**		**As at 1 January**
	2016	2015	2015	**2016**	2015	2015
	EUR '000	EUR '000	EUR '000	**EUR '000**	EUR '000	EUR '000
Cash at bank and in hand	**2,702**	3,156	3,109	**53**	57	240
Bank overdrafts	**(4,815)**	(5,260)	(4,364)	**-**	-	-
	(2,113)	(2,104)	(1,255)	**53**	57	240

21 Share capital

	Group and Company		
	As at 31 December		As at 1 January
	2016	2015	2015
	EUR '000	EUR '000	EUR '000
Authorised, issued and fully paid			
800,000 ordinary shares of EUR1 each	**800**	800	800

The share premium amounting to EUR5,684k is the share premium in 875,000 new shares issued in 2002. The premium is presented within 'share premium' on the statement of financial position.

22 Other reserves

Group

	Currency translation differences EUR '000	Revaluation reserve EUR '000	Other reserve EUR '000	Total EUR '000
At 1 January 2015	(917)	451	(34)	(500)
Currency translation differences	279			279
At 31 December 2015	(638)	451	(34)	(221)
At 1 January 2016	(638)	451	(34)	(221)
Currency translation differences	(358)	-	-	(358)
At 31 December 2016	**(996)**	**451**	**(34)**	**(579)**

Revaluation reserve relates to fair value gains on property prior to transfer to investment property in financial year ending 31 December 2016

23 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The following amounts are shown in the statement of financial position:

	Group		
	As at 31 December		As at 1 January
	2016	2015	2015
	EUR '000	EUR '000	EUR '000
Deferred tax liability to be recovered after more than twelve months	**495**	379	370

The movement on the deferred tax expense account is as follows:

	Group		
	As at 31 December		As at 1 January
	2016	2015	2015
	EUR '000	EUR '000	EUR '000
Balance at 1 January	**379**	370	323
Movements during the year:			
Income statement (note 11)	**139**	-	37
Currency translation differences	**(23)**	9	10
Balance at 31 December	**495**	379	370

Deferred taxation is calculated on temporary differences under the liability method using the principal tax rate within the relevant jurisdiction. The year-end deferred tax liability balance comprises:

	Group		
	As at 31 December		As at 1 January
	2016	2015	2015
	EUR '000	EUR '000	EUR '000
Fair value gains on investment property	**495**	379	370

23 Deferred tax - continued

Movements in the deferred tax asset, other than currency translation differences, have been charged to the income statement. Movements in the deferred tax component of currency translation differences have been charged to components of other comprehensive income.

Deferred income tax assets on tax loss carry forwards are recognised based only to the extent that realisation of the related tax benefit through future taxable profit is probable. The Group has temporary differences attributable to fixed assets and other differences give rise to a deferred tax asset of €1,788k (2015: €1,835k) which has not been recognised in these financial statements.

Further unutilised investment tax credits having a tax effect of €14,707k (2015: €19,861k) have not been recognised in these financial statements.

24 Trade and other payables

	Group			Company		
	As at 31 December		**As at 1 January**	**As at 31 December**		**As at 1 January**
	2016	2015	2015	**2016**	2015	2015
	EUR '000	EUR '000	EUR '000	**EUR '000**	EUR '000	EUR '000
Trade payables	**7,458**	6,033	5,812	**-**	-	-
Amounts due to subsidiaries	**-**	-	-	**4,141**	4,658	4,858
Amounts due to associates	**7,485**	8,652	6,099	**-**	-	-
Amount due to other related parties	**108**	224	243	**46**	161	182
Other payables	**1,079**	1,409	791	**15**	23	28
Accruals	**2,531**	1,782	1,394	**8**	16	19
	18,661	18,100	14,339	**4,210**	4,858	5,087

All amounts due to the Group and the Company to related parties as at 31 December 2016 and 2015 were unsecured, interest-free, and had no fixed date for repayment.

25 Borrowings

	Group		
	As at 31 December		As at 1 January
	2016	2015	2015
	EUR '000	EUR '000	EUR '000
Bank loans	**5,928**	5,775	6,316
Bank overdrafts	**4,815**	5,260	4,364
Other loans	**860**	121	-
Finance leases	**10**	32	73
Balance at 31 December	**11,613**	11,188	10,753

25 Borrowings - continued

The weighted average effective interest rates of bank borrowings is:

	Group		
	As at 31 December		As at 1 January
	2016	2015	2015
	%	%	%
Bank loans	**4.1**	4.4	4.3
Bank overdrafts	**4.4**	4.1	4.3

	Group		
	As at 31 December		As at 1 January
	2016	2015	2015
	EUR '000	EUR '000	EUR '000
Maturity of borrowings (excluding interest):			
Within 1 year	**7,414**	6,887	6,128
Between 1 and 2 years	**979**	847	733
Between 2 and 5 years	**2,981**	3,174	8,262
Over 5 years	**217**	248	557
	11,591	11,156	10,680

Finance lease liabilities

The Group leases various vehicles and machinery under non cancellable finance lease agreements. The lease terms are between 1 and 3 years, and ownership of the asset lies within the Group.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	Group		
	As at 31 December		As at 1 January
	2016	2015	2015
	EUR '000	EUR '000	EUR '000
Gross finance lease liabilities - minimum lease payments:			
No later than 1 year	**10**	25	44
Later than 1 year and no later than 5 years	**12**	10	37
Future finance charges on finance lease liabilities	**-**	(3)	(8)
Present value of finance lease liabilities	**22**	32	73

25 **Borrowings** - continued

The present value of finance lease liabilities is as follows:

	Group		
	As at 31 December		As at 1 January
	2016	2015	2015
	EUR '000	EUR '000	EUR '000
No later than 1 year	**10**	22	41
Later than 1 year and no later than 5 years	**12**	10	32
	22	32	73

26 **Cash generated from/(used in) operations**

Reconciliation of operating profit/(loss) to cash used in operations:

	Group		Company	
	2016	2015	**2016**	2015
	EUR '000	EUR '000	**EUR '000**	EUR '000
Operating profit/(loss)	**2,341**	771	**428**	189
Adjustments for:				
Depreciation and amortisation (notes 12,13)	**1,893**	2,024	**-**	-
Changes in working capital:				
Inventories	**(199)**	(1,188)	**-**	-
Trade and other receivables	**(830)**	(3,570)	**317**	(146)
Trade and other payables	**635**	3,938	**(648)**	(229)
Cash generated from/(used in) operations	**3,840**	1,975	**97**	(186)

27 Related party transactions

Toly Group International ApS forms part of the Toly Group, which comprises Toly Group International ApS and its subsidiaries (note 15). Toly Group International ApS is the Company's immediate parent (refer to Note 31) and is also its ultimate controlling party. The shareholders, and other companies controlled or significantly influenced by the Company or its shareholders are considered to be related parties.

During the year, the Company received dividends from subsidiaries amounting to €178,000 (2015: €301,000)

Additionally, key management, which includes directors and members of the Executive Committee, received compensation in the form of salaries and other short-term employment benefits amounting to €648,000 (2015: 681,000).

Year-end balances with related parties are disclosed in notes 19 and 24.

28 Commitments and guarantees

Operating lease commitments – group company as lessee

The Group leases offices under non-cancellable operating leases expiring within two to three years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

At the end of the reporting period, the group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group		
	As at 31 December		As at 1 January
	2016	2015	2015
	EUR '000	EUR '000	EUR '000
Within 1 year	**171**	155	129
Later than 1 year but not later than 5 years	**278**	365	275
Later than 5 years	**105**	168	230
Total	**554**	688	634

During 2016 the Group entered into a forward contract with a credit instituition for the sale of US $256,000 to Euro which will take effect during 2017.

29 Contingencies

The Company and its shareholders have undertaken to continue to provide support to a number of subsidiary undertakings and related parties and have committed to refrain from requesting repayment of outstanding balances unless alternative funds are available.

30 Transition to IFRS

The effect of the Group's and the Company's transition to IFRS, described in note 1.1, is summarised as follows:

(i) Transition elections;
(ii) Reconciliation of equity and comprehensive income as previously reported under Danish GAAP to IFRS;

(i) Transition elections

Group

Business combinations

In accordance with IFRS transitional provisions, the company elected to apply IFRS relating to business combinations prospectively from 1 January 2015. As such, Danish GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward without adjustment.

(ii) Reconcoliation of equity and comprehensive income as previously reported under Danish GAAP to IFRS

The effect of transitioning from Danish GAAP to IFRSs as adopted by the EU for the Group is shown in the table below:

Group

Statement of financial position (extract)	Danish GAAP	Adj	IFRS	Danish GAAP	Adj	IFRS
	As at 31 December 2015			As at 1 January 2015		
	EUR '000	EUR 000	EUR '000	EUR '000	EUR '000	EUR '000
Assets						
Investment property	5,318	403	**5,721**	5,176	346	**5,521**
Equity						
Other reserves	1,082	(1,303)	**(221)**	852	(1,352)	**(500)**
Retained earnings	4,389	1,706	**6,095**	2,650	1,698	**4,347**
		403			346	

30 Transition to IFRS – continued

(ii) Reconcoliation of equity and comprehensive income as previously reported under Danish GAAP to IFRS - continued

Group

Statement of comprehensive income (extract)	Danish GAAP	Adj	IFRS
	Year ended 31 December 2015		
	EUR '000	EUR '000	EUR '000
Income statement			
Administrative expenses	(6,762)	58	**(6,704)**
Fair value gain on investment property	-	-	-
Profit before tax	1,246	59	**1,305**
Tax expense	444	(1)	**443**
Profit for the year	1,690	58	**1,748**
Other comprehensive income			
Currency translation differences	-	279	**279**
Total comprehensive income	1,690	337	**2,027**

(a) Investement property

Under IFRS, the Group adopts the fair value model to account for its investment property in accordance with IAS 40. Under Danish GAAP, investment property was fair valued, with movements recognised directly in a revaluation reserve within equity, and depreciated on a straight-line basis. Following transition to IFRS, the adjustments required in order to comply with the requirements of IAS 40, and which are reflected in these financial statements, are the following:

- Reversal of previous depreciation on investment property, amounting to €346,000 as at 1 January 2015 (31 December 2015: €403,000);
- Reclassification of fair value gains from other reserves to retained earnings.

30 Transition to IFRS - continued

(ii) Reconcoliation of equity and comprehensive income as previously reported under Danish GAAP to IFRS - continued

(b) Currency translation differences

Currency translation differences for the year ended 31 December 2015, arising on translation of foreign operations, have been presented in other comprehensive income in accordance with the requirements of IAS 21. Under Danish GAAP, a statement of other comprehensive income was not presented. Notwithstanding this change in presentation, the balance within other reserves relating to currency translation differences was not impacted.

The effect of transitioning from Danish GAAP to IFRSs as adopted by the EU for the Company is show in the table below:

Company

	Danish GAAP	Adj	IFRS	Danish GAAP	Adj	IFRS
Statement of financial position	**As at 31 December 2015**			**As at 1 January 2015**		
(extract)	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**
Assets						
Investments in subsidiaries	12,310	(5,057)	**7,253**	11,690	(4,437)	**7,253**
Investments in associates	3,901	(3,586)	**315**	2,837	(2,519)	**318**
		8,643			(6,956)	
Equity						
Reserve for revaluation under the equity method	9,569	(9,569)	-	7,882	(7,882)	-
Retained earnings	(4,098)	1,257	**(2,841)**	(4,380)	1,350	**(3,030)**
		(8,312)			(6,532)	

30 Transition to IFRS - continued

(ii) Reconcoliation of equity and comprehensive income as previously reported under Danish GAAP to IFRS - continued

Company

Statement of financial position (extract)	Danish GAAP	Adj	IFRS	Danish GAAP	Adj	IFRS
	As at 31 December 2015			As at 1 January 2015		
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Liabilities						
Provisions	331	(331)	-	424	(424)	-
Total liabilities and equity	17,144	(8,643)	**8,501**	15,497	(6,956)	**8,541**

Company

Statement of comprehensive income (extract)	Danish GAAP	Adj	IFRS
	Year ended 31 December 2015		
	EUR '000	EUR '000	EUR '000
Other operating income	132	301	**433**
Share of profits on investments accounted for using the equity Method	1,802	(1,802)	-
Profit for the year – total comprehensive income	1,934	(1,501)	**433**

(a) Investments in subsidiaries

Under IFRS, the Company accounts for its investments in subsidiaries and associates at cost in accordance with IAS 27. Under Danish GAAP, investments in subsidiaries were accounted for using the equity method of accounting, a method of accounting by which an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net assets of the associate.

Following transition to IFRS, the adjustments required in order to comply with the requirements of IAS 27, and which are reflected in these financial statements, are the reversal of the recognised share of profits and the reversal of the recognised transfer of provisions in the investments in subsidiaries and associates.

The entries effected are a decrease in investments in subsidiaries of €5,057,000 at 31 December 2015 (€4,437,000 at 1 January 2015) and a decrease in investments in associates of €3,586,000 at 31 December 2015 (€2,519,000 at 1 January 2015).

31 Statutory information

Toly Group International ApS is a limited liability company and is incorporated in Denmark with its registered address at Vesterbrogade 149, DK-1620, København V, Denmark.

The ultimate controlling party of Toly Group International ApS is Worlea Trust Consolium Treuhand AG with its registered address at Triesenberg, Bergstrasse, 398, FL-9497, Liechtenstein.