

# DSD Holding A/S

*Bakkegårds Allé 23, 5550 Langeskov*

**CVR-nummer: 26096537**

**Annual report 2015**

(16. fiscal year)

Disclosed and approved on the Annual General Meeting of the company, the \_\_\_/\_\_\_ 2016

---

Chairman  
*Mathieu Van Delden*

## TABLE OF CONTENTS

---

### **Management commentary and other company details**

Company information	3
---------------------	---

### **Statements and reports**

Management's statement	4
------------------------	---

Independent auditor's reports and statements	5
--	---

### **Management commentary and other company details**

Management commentary	7
-----------------------	---

### **Financial statements 1. January - 31. December 2015**

Accounting policies	8
---------------------	---

Income statement	12
------------------	----

Balance sheet	13
---------------	----

Notes	14
-------	----

## COMPANY INFORMATION

---

### **The Company**

DSD Holding A/S  
Bakkegårds Allé 23  
5550 Langeskov

Phone: +4 53 64 93 344  
Fax: +4 53 64 95 725  
Homepage: [www.destronfearing.com](http://www.destronfearing.com)  
E-mail: [info@destronfearing.com](mailto:info@destronfearing.com)

CVR-no.: 26 09 65 37  
Financial year: 1. January - 31. December  
Customer number: 14367260

### **Board of directors**

Grégoire Claude Jacques Wambergue  
Louis-Marie Allain  
Mathieu Van Delden

### **Executive board**

Mathieu Van Delden

### **Accountant**

Revision København  
Godkendt Revisionspartnerselskab  
Finsensvej 80 A  
2000 Frederiksberg

## **MANAGEMENT'S STATEMENT**

---

Today the Board of Directors and the Executive Board have discussed and approved the Annual Report of DSD Holding A/S for the period 1. January - 31. December 2015.

The Annual Report has been prepared in conformity with the Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, equity, liabilities and financial position at 31. December 2015 and of its financial performance for the period 1. January - 31. December 2015.

In our opinion the Management commentary includes a fair review of the matters described.

We recommend that the Annual Report be approved by the Annual General Meeting.

Langeskov, April 12th 2016

### **Management**

Mathieu Van Delden

### **Board of directors**

Grégoire Claude Jacques  
Wambergue

Louis-Marie Allain

Mathieu Van Delden

## INDEPENDENT AUDITOR'S REPORTS AND STATEMENTS

---

### **To the shareholders of DSD Holding A/S**

#### **Auditor's report on the financial statements**

We have audited the financial statements of DSD Holding A/S for the period 1. January - 31. December 2015 , including accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements have been prepared in conformity with the Danish Financial Statements Act.

#### **Management's responsibility for the financial statements**

The Company's Management is responsible for the preparation and fair presentation of financial statements in conformity with the Danish Financial Statements Act. Management is also responsible for the internal control that it deems necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We have performed the audit in accordance with international auditing standards and additional requirements under Danish audit regulations. That requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence of the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates made by Management as well as evaluating the overall presentation of the financial statements.

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

The audit did not result in a qualification.

## INDEPENDENT AUDITOR'S REPORTS AND STATEMENTS

---

### Conclusion

In our opinion, the financial statements give a true and fair view of the Company's assets, equity, liabilities and financial position at 31. December 2015 and of its financial performance for the period 1. January - 31. December 2015 in conformity with the Danish Financial Statements Act.

### Statement on Management commentary

As required by the Danish Financial Statements Act, we have read the Management commentary. We have carried out no procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information given in the Management commentary is consistent with the financial statements.

Frederiksberg, April 12th 2016

### Revision København

Godkendt Revisionspartnerselskab  
CVR.: 34619654



Mads Lutz Jørgensen

Registreret revisor, Cand.merc.aud. FSR - Danske Revisorer / Certified Public Accountant

## MANAGEMENT COMMENTARY

---

### **Main activities of the Company**

DSD-Holding A/S is the parent company of Destron Fearing A/S.

Destron Fearing A/S (before Daploma International A/S) produces and sells plastic visual and electronic ear tags to identify livestock. The ear tags are sold under the trademarks SnapTag® and DigiTag®. In addition the products for animal identification manufactured by the US mother company are sold by Destron Fearing A/S on international markets. These include companion animal products involving electronic chips that are implanted in companion pets, enabling lost pets to be reunited with their owners.

### **Development in the activities and the financial situation of the Company**

Following the reorganization of the subsidiary results have demonstrated a positive trend and continue to show increased profitability.

Furthermore the company's ultimate parent expresses a continuing support to the company.

### **Outlook for 2016**

In 2016 the company will further develop the product lines and expects a further improvement of operating profit.

### **Material events after the reporting date**

No events have occurred after the reporting date that may materially affect the financial position of the company.

## ACCOUNTING POLICIES

---

The accounting policies applied in the financial statements are consistent with those of the previous year. The reporting currency is Danish kroner.

### **Recognition and measurement in general**

The financial statements have been prepared under the historical cost convention.

Income is recognised in the income statement when earned. Value adjustments of financial assets and liabilities measured at fair value or amortised cost are also recognised in the income statement. Costs incurred to generate the earnings for the year are also recognised in the income statement, including amortisation, depreciation, impairment losses and provisions as well as reversals resulting from changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future financial benefits will flow to the Company and it is possible to obtain a reliable measurement of the individual assets.

Liabilities are recognised in the balance sheet when it is probable that future financial benefits will flow from the Company and it is possible to obtain a reliable measurement of the individual liabilities.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item.

Certain financial assets and liabilities are measured at amortised cost, whereby a constant effective interest rate is recognised over the life of the individual asset or liability. Amortised cost is determined as original cost less any repayments and with the addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

Anticipated losses and risks arising before the presentation of the financial statements and confirming or disconfirming facts and circumstances known at the reporting date are taken into consideration at recognition and measurement.

### **Foreign currency translation**

Foreign currency transactions are translated at the exchange rates ruling at the transaction dates. Gains and losses arising from movements between the exchange rates at the date of the individual transaction and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, accounts payable and other monetary items denominated in a foreign currency, but not settled at the reporting date, are translated at the exchange rates ruling at the reporting date.

Exchange rate differences between the exchange rates at the reporting date and the date of the individual transaction are recognised in the income statement as financial income or financial expenses.



## ACCOUNTING POLICIES

---

### INCOME STATEMENT

#### General information

Certain income and expenses have been aggregated in the item designated 'Gross profit' with reference to section 32 of the Financial Statements Act.

#### Gross profit

Gross profit is a combination of the items of 'Revenue', 'Change in inventories of finished goods, work in progress and goods for resale', 'Other operating income', 'Cost of raw materials and consumables' and 'Other external costs'.

#### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end. Revenue is recognised exclusive of VAT and net of sales discounts.

#### Other external expenses

Other external expenses include costs for sales, advertising, administration, premises, bad debts, rental expenses under operating leases, etc.

#### Income or loss from investments in subsidiaries and associates

The proportionate share of post-tax profit or loss of the individual subsidiaries and associates is recognised in the income statement.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement based on the amounts which relate to the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses on securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme. Dividends from other equity investments are recognised as income in the financial year in which the dividends are declared.

#### Tax on net profit for the year

Tax for the year comprises current tax and changes in deferred tax. The share attributable to the profit or loss for the year is recognised in the income statement, and the share attributable directly to equity is recognised directly in equity.

The Company is the administration company of the joint taxation scheme. All Danish taxes on the taxable income of subsidiaries are paid by the Company.

## ACCOUNTING POLICIES

---

### BALANCE SHEET

#### **Investments in subsidiaries and associates**

Investments in subsidiaries are recognised in the balance sheet at the proportionate share of the equity value of the enterprises, calculated according to the parent's accounting policies with the deduction or addition of unrealised intercompany profits or losses and with the addition or deduction of the remaining value of positive or negative goodwill, calculated according to the purchase method.

Subsidiaries having a negative equity value are recognised at DKK 0, and any amounts receivable from those enterprises are written down by the parent's share of the negative equity value to the extent that the amounts are deemed to be uncollectible.

Positive balances (goodwill) between the original cost and the fair value of assets and liabilities acquired, including provisions for restructuring costs, are recognised under investments in Group enterprises and amortised over their estimated economic lives determined on the basis of Management's experience in the relevant lines of business. The amortisation period cannot exceed 20 years, and is longest for strategically acquired enterprises with strong market positions and long-term earnings profiles. The carrying amount of goodwill is assessed for impairment on an ongoing basis and any impairment loss is recognised in the income statement if the carrying amount exceeds the expected future net income from the enterprise or activity to which the goodwill relates.

#### **Corporate income tax and deferred tax**

Current tax liabilities and current tax receivables are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on the taxable income for previous years and for prepaid taxes.

Deferred tax is measured using the balance-sheet liability method on any temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In cases where the tax base can be determined under alternative taxation rules, such as in relation to shares, deferred tax is measured on the basis of the intended use of the relevant asset or settlement of the liability.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are measured at their anticipated realisable values, either by elimination in tax on future earnings or by being offset against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at their net realisable values.

Deferred tax is measured based on the tax rules and tax rates applicable when the deferred tax is expected to crystallise as current tax according to the legislation in force at the reporting date. Any change in deferred tax as a result of changes in the tax rates is recognised in the income statement.

## **ACCOUNTING POLICIES**

---

### **Payables**

Other payables, comprising trade payables and amounts owed to Group enterprises and associates and other accounts payable, are measured at amortised cost, which normally corresponds to the nominal value.

**INCOME STATEMENT 1. JANUARY - 31. DECEMBER 2015**

	2015	2014
	kr.	kr.
<b>GROSS PROFIT</b>	<b>4.688</b>	<b>-7.187</b>
Income or loss from equity investments in group enterprises	2.449.789	3.366.946
Other financial income from Group enterprises	121.672	0
<b>PROFIT OR LOSS BEFORE TAX</b>	<b>2.576.149</b>	<b>3.359.759</b>
<b>PROFIT OR LOSS FOR THE YEAR</b>	<b>2.576.149</b>	<b>3.359.759</b>
<b>PROPOSED DISTRIBUTION OF NET PROFIT</b>		
Proposed dividends for the year	2.790.186	0
Retained earnings	-214.037	3.359.759
<b>SETTLEMENT OF DISTRIBUTION TOTAL</b>	<b>2.576.149</b>	<b>3.359.759</b>

**BALANCE SHEET AT 31. DECEMBER 2015 ASSETS**

	2015 kr.	2014 kr.
1 Equity investments in group enterprises	16.248.241	13.798.452
<b>Investments</b>	<b>16.248.241</b>	<b>13.798.452</b>
<b>NON-CURRENT ASSETS</b>	<b>16.248.241</b>	<b>13.798.452</b>
Receivables from group enterprises	2.790.186	0
Other receivables	2.361.332	0
<b>Receivables</b>	<b>5.151.518</b>	<b>0</b>
<b>CURRENT ASSETS</b>	<b>5.151.518</b>	<b>0</b>
<b>ASSETS</b>	<b>21.399.759</b>	<b>13.798.452</b>

**BALANCE SHEET AT 31. DECEMBER 2015 EQUITY AND LIABILITIES**

	2015	2014
	kr.	kr.
Contributed capital	19.243.527	19.243.527
Retained earnings	-5.690.456	-5.476.418
Proposed dividends for the year	2.790.186	0
<b>2 EQUITY</b>	<b>16.343.257</b>	<b>13.767.109</b>
Trade creditors	7.500	12.187
Amounts owed to group enterprises	5.049.002	19.156
<b>Short-term payables</b>	<b>5.056.502</b>	<b>31.343</b>
<b>PAYABLES</b>	<b>5.056.502</b>	<b>31.343</b>
<b>EQUITY AND LIABILITIES</b>	<b>21.399.759</b>	<b>13.798.452</b>

3 Contingencies, etc.

4 Related parties

**NOTES**

	2015 kr.	2014 kr.
<b>1 Equity investments in group enterprises</b>		
Cost at beginning of period	14.904.053	14.904.053
Cost 31. December 2015	14.904.053	14.904.053
Revaluation and impairment losses at beginning of period	-715.646	-3.603.577
Share of profit or loss	2.386.651	3.173.616
Amortisation, depreciation and impairment losses for the year	-326.817	-675.640
Revaluation and impairment losses 31. December 2015	1.344.188	-1.105.601
<b>Book value 31. December 2015</b>	<b>16.248.241</b>	<b>13.798.452</b>

Breakdown of investments in Group enterprises:

<b>Name, Registered office</b>	<b>Equity interest</b>	<b>Equity</b>
Destron Fearing A/S Langeskov, Denmark CVR.: 19189597	100%	16.575.059

**NOTES**

	Opening balance	Proposed distribution of net profit	Closing balance
<b>2 Equity</b>			
Contributed capital	19.243.527	0	19.243.527
Retained earnings	-5.476.418	-214.038	-5.690.456
Proposed dividends for the year	0	2.790.186	2.790.186
	<b>13.767.109</b>	<b>2.576.148</b>	<b>16.343.257</b>

The share capital is divided as follows:

Shares of nom	19.243.527
	<b>19.243.527</b>

**3 Contingencies, etc.**

The company has given unlimited guarantee for the subsidiary Destron Fearing A/S' debt to Danske Bank.

Furthermore the company has a tax asset equal to the tax value of the unused losses. Assets are not allocated in the balance. The tax asset totals 545.512 DKK (22% tax).

The Company is assessed for tax purposes jointly with other domestic enterprises of the Group. As Administration Company, the Company and the other companies participating in joint taxation are fully, jointly and severally liable for Danish corporate income taxes and withholding taxes on dividends, interests and royalties payable by the jointly taxed companies.

**4 Related parties**

The following shareholders are entered in the Company's Register of Shareholders as owners of at least 5% of the voting rights or at least 5% of the share capital:

Destron Fearing Corp  
St. Paul  
Minnesota  
USA