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JAI Group Holding ApS
Valby Torvegade 17,1 2500 Valby

Annual report 2015/16

*Presented and approved at the shareholders' meeting
23 August 2016.*

A handwritten signature in black ink, appearing to read 'Ole Linder', written over a horizontal line.

Chair

CVR no. 26153581
This report contains 29 pages



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Statements

Statement by the Executive and Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the annual report of JAI Group Holding ApS for the financial year 1 April 2015 to 31 March 31 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31st March 2016 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 April 2015 to 31 March 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Valby, 23 August 2016

Executive Board:

Jørgen Andersen
President & CEO

Board of Directors:

Ole Finn Nielsen
Chairman

Jørgen Andersen

Lizzie Andersen



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Independent auditors' report

To the shareholders of JAI Group Holding ApS

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of JAI Group Holding ApS for the financial year 1 April 2015 - 31 March 2016, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company 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 the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility:

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view 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 accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

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 March 2016 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 April 2015 - 31 March 2016 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Hellerup, 23 August 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild

State Authorised Public Account

Flemming Eghoff

State Authorised Public Account



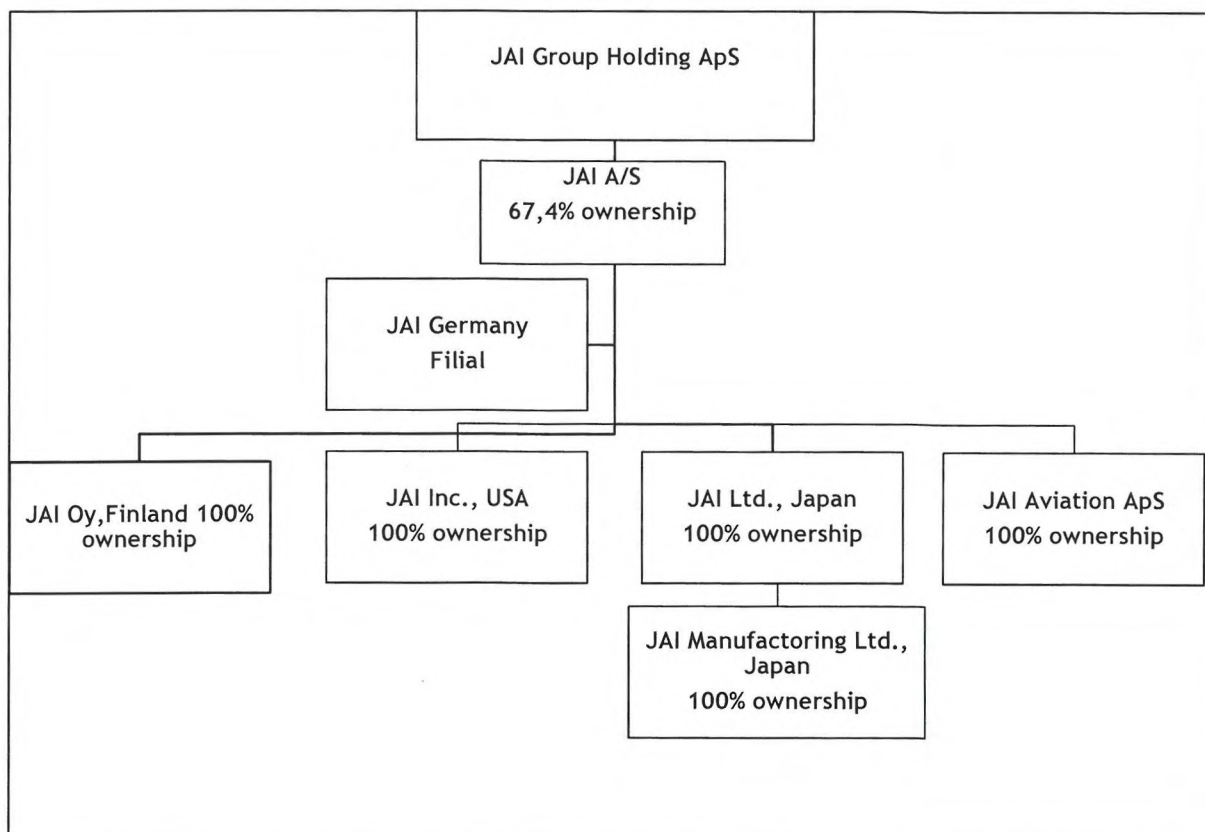
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Management review

Company details

<p>JAI Group Holding ApS Valby Torvegade 17,1 2500 Valby Denmark</p> <p>Telephone: +45 4457 8888 Fax: +45 4491 3252 E-mail: mail@jai.com Website: www.jai.com</p> <p>CVR no.: 26153581 Registered office: Valby Financial year: 1 April - 31 March</p> <p>Supervisory Board: Ole Finn Nielsen, chairman Jørgen Andersen Lizzie Andersen</p>	<p>Executive Board Jørgen Andersen President & CEO</p> <p>Auditors: PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR No 33 77 12 31</p> <p>Annual general meeting The annual general meeting is to be held on 23 August 2016 at the Company's address: Valby Torvegade 17,1 DK-2500 Valby</p>
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Group Chart



Management review (continued)

Financial highlights for the Group

DKK million	2015/16	2014/15	2013/14	2012/13	2011/12
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Key figures

Revenue	262,0	229,2	220,4	259,3	264,7
Gross profit	104,3	89,6	90,7	112,1	119,4
Operating profit/loss	5,8	-2,5	-6,7	1,1	14,8
Financial income and expenses	-2,7	7,7	-2,3	-3,5	-2,1
Profit for the year	2,1	3,6	-10,1	2,4	10,4

Total assets	317,2	336,6	291,7	337,0	345,6
Equity	243,0	243,9	225,4	258,2	267,6

Cash flow from operating activities	18,3	5,4	33,1	17,1	37,5
Net cash flow from investing activities	-16,0	-24,9	-22,2	-31,2	-41,5
Cash flow from financing activities	-7,8	11,4	-4,2	-3,0	-7,2
Total cash flow	-5,5	-8,1	6,7	-17,1	-11,2

Financial ratios

Operating margin	2,2%	-1,1%	-3,0%	0,4 %	5,6 %
Return on invested capital	1,8%	-0,7%	-2,4%	0,3 %	4,2 %
Gross margin	39,8%	39,1%	41,2%	43,2 %	45,1 %
Equity ratio	76,9%	72,5%	77,0%	76,6 %	76,3 %
Return on equity	0,9%	1,8%	-4,4%	0,9 %	4,0 %

Average number of full-time employees	140	138	133	146	140
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Management review

Operating review

Principal activities

The principal activities of JAI Group Holding ApS are development, production and sale of high-tech cameras for the industrial market as well as for traffic solutions.

Changes in accounting policies

The Company has changed its accounting policy for the measurement of equity investments in subsidiaries from cost to equity method. The change is made to provide a more accurate valuation of the investment in subsidiaries.

The change has only impact of the profit and balance sheet for the parent company. The detailed description of the impact is shown under Accounting policies

Development in the year

For the financial year 2015/2016, the group achieved a turnover of DKK 262,0 million compared to DKK 229,2 million in 2014/2015.

Operating profit amounts to DKK 5,8 million compared to a loss of DKK 2,5 million in 2014/2015, and the profit of the year amounts to DKK 2,1 million compared to of DKK 3,6 million in 2014/15.

The development in turnover and profit has to some extent been affected by releases of new products. Turnover and profit are in line with expectations.

The equity of the group has decreased from DKK 243,9 million in 2014/2015 to DKK 243,0 million in 2015/2016, which is a decrease of DKK 1 million.

The net changes in cash and cash equivalents of 2015/2016 were negative by DKK 9,7 million, compared to DKK 11,1 million in 2014/2015. The change is mainly due to a decrease in working capital. The investment in intangible assets and property, plant and equipment has contributed negatively on the cash flow.

At the end of the financial year 2015/2016, the JAI group is still a sound company with a solvency of 76,9 % and cash at bank and in hand of DKK 85,6 million.

Subsidiaries

JAI in Denmark

JAI Group Holding ApS ownership of JAI A / S amounted to 67.4%.

All subsidiaries are 100% owned by JAI A/S. In addition to being the parent company for its subsidiaries JAI A/S carries distribution of its products in the EMEA region. For 2015/16 JAI A/S achieve a profit after tax of 2,1 million compared to of DKK 3,6 million in 2014/15.

JAI Germany

JAI Germany delivers service and repair services for the EMEA region and forms a branch of JAI A/S.



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JAI in Japan

Among other things, the subsidiaries in Japan handle development and production of cameras. Furthermore, they handle delivery of products to Asia and the Pacific region. For 2015/2016, JAI Ltd. achieved a post-tax profit of DKK 8,7 million compared to a profit of DKK 0,7 million in 2014/2015.

JAI in US

Among other things, the subsidiary in the US handles development, production of camera and delivery of products to the North American and South American markets. For 2015/2016, JAI Inc. achieved a post-tax profit of DKK 0,4 million compared to a post-tax profit of DKK 1,5 million in 2014/2015.

JAI in Finland

The subsidiary in Finland handles development, production of cameras and delivery of products to the EMEA Market. For 2015/2016, JAI Oy achieved a post-tax loss of DKK 3,5 million compared to a post-tax loss of DKK 3,8 million in 2014/2015.

Expectations for the future

In the fiscal year 2015/16 several new high - and low end products for both Camera and Traffic Solution have been released to the market. The releases of new products will continue in the fiscal year 2016/17. We are therefore expecting an increase in revenue compared to 2015/16. The net result is expected to be positive and above 2015/16.

Cash flow from operating activities for 2016/2017 is expected to be positive.

Risks

General risks

The Group most significant operating risk relates to the ability to be strongly positioned in the market and to remain a market leader in terms of the technological developments within the Group's business areas.

Financial risks

As part of its operations, investments, and financial affairs the Group is exposed to changes in foreign exchange rates and interest rate levels. It is Group policy not to engage in active speculation in financial risks. The Group financial management is thus directed solely at managing existing financial risks.

Currency risks

The Group is affected by changes in foreign exchange rates, as the profit/loss of foreign subsidiaries is translated into DKK based on average exchange rates at the balance sheet date.

The Group currency risks are primarily hedged by matching income/expenses and short term asset/liabilities in the same currency and by the use of financial instruments.

The Group have no hedging of long term Group asset and liabilities. The net foreign exchange loss of year 2015/16 amount to DKK 1,4 million are primarily due unrealised gain from group entities. The loss is caused by the weakening USD currency rate towards DKK currency rate.



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Credit risks

The Group is not exposed to significant risks relating to a single customer or business partner. It is Group policy in respect of credit risks that all major customers and other business partners are credit rated on an ongoing basis.

Intellectual capital and research and development activities

Intellectual capital

JAI's intellectual capital comprises customer relations, employees, technologies, and processes.

Skilled and committed employees are a prerequisite for the Group results. The working environment is informal and with a large degree of freedom and responsibility delegated to each employee. Employee skills are maintained and developed currently.

The JAI Group has considerable know-how within advanced camera technology and traffic systems, which is maintained and developed on an ongoing basis.

Product development takes place in Japan, USA, Finland and Denmark. It is strategically important to JAI to undertake development activities on these three continents.

Production takes place in Japan, USA and Finland. JAI has considerable experience in the production of advanced cameras where quality requirements are high.

Research and development activities

In 2015/16 the Group incurred research and development costs of 27,3 DKK million against DKK 25,7 million in 2014/15. Of this amount development costs of DKK 11,2 million were capitalised in 2015/16 compared to DKK 9,9 million in 2014/15.

Capitalised research and development projects in progress amounted to DKK 9,1 million at 31 March 2016 compared to 7,0 DKK million at 31 March 2015.

Quality systems

Quality has a high priority at JAI, and the Company strives for the best possible quality in all respects.

All companies in the JAI Group are ISO 9001:2000 / ISO 14001:2000 certified. JAI's quality management systems are subject to constant development and improvement.

Events after closing of the fiscal year

There is no Post-balance sheet events have occurred that have a material impact on Profit & loss or the balance sheet.

Consolidated and parent company financial statements for the period 1 April - 31 March

Accounting policies

The annual report of JAI Group Holding ApS for 2015/16 has been prepared in accordance with the provisions applying to reporting class C medium enterprises under the Danish Financial Statements Act.

Changes in accounting policies - parent company

The parent company has changed its accounting policy for the measurement of equity investments from cost to equity method. The change has resulted in an increase of profit on ordinary activities for this year of DKK 1,4 million (2014/15: DKK 2,4 million) and an increase of net profit for the year of DKK 1,4 million (2014/15: DKK 2,4 million). Furthermore, it has affected the Company's fixed assets by DKK 61,7 million (2014/15: DKK 65,7 million) and the balance sheet total by DKK 61,7 million (2014/15 by 65,7 million). Equity is affected by DKK 61,7 million (2014/15: DKK 65,7 million). The Company's cash flows are not affected by the change.

The comparison figures for 2014/15 have been change in relation to the above.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognized in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

In recognizing and measuring assets and liabilities, any gains, losses, and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognized, including depreciation, amortization, impairment, and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognized in the income statement.

Consolidated financial statements

The consolidated financial statements comprise the parent company, JAI A/S, and subsidiaries in which JAI A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealized gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.



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Accounting policies (continued)

Enterprises acquired or formed during the year are recognized in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognized in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including unamortised goodwill, plus anticipated disposal costs.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognized as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years.

Goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest annual report is recognized in the income statement as financial income or financial expenses.

On recognition of foreign subsidiaries and associates which are separate entities, the income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognized directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognized directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognized directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Accounting policies (continued)

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognized asset or liability are recognized in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognized in other receivables and other payables and in equity. For options, hedge accounting is only applied to changes in the actual value of the option. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognized directly in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item is recognized in the income statement.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in the income statement on an on-going basis.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or associates are recognized directly in equity.

Income statement

Revenue

Revenue is recognized in the income statement provided that transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured excl. VAT and taxes charged on behalf of third parties.

Cost of sales

Cost of sales comprises costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables.

Other operating income

Other operating income comprises items secondary to the principal activities of the enterprises.

Other external costs

Other external costs comprise costs incurred in conducting sales campaigns etc., advertising, exhibitions, administration, office premises and office expenses.

Other external costs also comprise research and development costs that do not qualify for capitalization and amortization of capitalized development costs.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than wages.



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Accounting policies (continued)

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible and tangible assets.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions in foreign currencies, amortization of financial assets and liabilities as well as surcharges and refunds under the on account tax scheme etc.

Tax on the profit for the year

The company is covered by the Danish rules on compulsory joint taxation.

JAI Group Holding ApS, is the administrative company for the joint taxation and the Group's Danish subsidiaries are included in the joint taxation when they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

JAI Group Holding ApS settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contributions between the jointly taxed companies in proportion to their taxable income. In this relation, companies with a tax loss receives joint taxation contribution from the companies that have used this loss to reduce their own taxable profit.

The taxation for the year, which is comprised by current tax, joint taxation contributions for the year, and changes in deferred tax for the year - including changes as a result of change in the tax rate - is recognized as tax expense relating to the profit/loss for the year directly in the income statement or the tax expense relating to amounts in equity, directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortized over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortized on a straight-line basis over a maximum amortization period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.



Accounting policies (continued)

Patents, licences and other intangible assets

Patents, licences and other intangible assets are measured at cost less accumulated amortization and impairment losses. Patents are amortized on a straight-line basis over the remaining patent period, and licences are amortized over the licence period, although not exceeding 8 years. Other intangible assets are amortized on a straight-line basis over 3-5 years.

Development projects

Development costs comprise costs, wages and salaries and amortization directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable, where the technical utilization degree, sufficient resources and a potential future market or development opportunities in the Company is evidenced, and where the Company intends to produce, market or use the project, are recognized as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling and administrative expenses and development costs. Other development costs are recognized in the income statement when incurred.

Development costs that are recognized in the balance sheet are measured at cost less accumulated amortization and impairment losses.

Following the completion of the development work, development costs are amortized on a straight-line basis over the estimated useful life. The amortization period is usually 5 years and is not to exceed 20 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, wages and salaries and sub suppliers.

Depreciation is provided on a straight-line basis over the expected useful life of the assets/components. The expected useful lives are as follows:

Buildings	20 - 50 years
Leasehold improvements	3 - 10 years
Fixtures and equipment	3 - 20 years

Land is measured at cost.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially measured in the balance sheet at the lower of fair value and the net present value of the future lease payments. In calculating the net present value of future lease payments, the discount factor is the interest rate implicit in the lease or a



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Accounting policies (continued)

rate that approximates this rate. Assets held under finance leases are subsequently treated as the Company's other non-current assets.

The capitalised residual lease obligation is recognized in the balance sheet as a liability, and the interest element of the lease payment is recognized in the income statement over the term of the lease.

All other leases are treated as operating leases. Payments relating to operating leases are recognized in the income statement over the term of the lease. The Company's total obligation relating to operating leases and rental agreements is disclosed in contingent liabilities, etc.

Impairment

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortization.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Investments in subsidiaries in the parent company financial statements

Investments in subsidiaries are recognised and measured under the equity method.

The item Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

Raw materials and goods for resale are measured at weighted average purchase price plus delivery costs. Work in progress and finished goods are measured at weighted average cost plus indirect production overheads. Where the weighted average purchase price or cost exceeds the net realizable value, inventories are written down to this lower value.

Receivables

Receivables are measured at amortized cost. Write-down is made for bad debt losses based on an individual assessment of receivables.



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Accounting policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Own Shares

The Company's holding of treasury shares is not recognized as a financial asset in the balance sheet. Cost of acquisition and consideration received from treasury shares are recognized directly as retained earnings in equity.

Dividends

Proposed dividends are recognized as a liability at the date when they are adopted at the annual general meeting (declaration date).

Corporation tax and deferred tax

Current tax payable and receivable is recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognized in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss which have been carried forward, are recognized at the expected value of their utilization; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealized intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

Provisions are measured at net readable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.



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Accounting policies (continued)

Liabilities other than provisions

Amounts owed to mortgage credit institutions and banks are recognized at the date of borrowing at the net proceeds received less transaction costs paid.

Financial liabilities also include the capitalized residual obligation on finance leases.

Other liabilities are measured at net realizable value.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing, and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognized in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognized up until the date of disposal.

Cash flow from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flow from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flow from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances and short-term marketable securities which are subject to an insignificant risk of changes in value.

Accounting policies (continued)

Financial ratios

The ratios have been prepared in accordance with the recommendations and guidelines by the Danish Society of Financial Analysts.

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit} \times 100}{\text{Total assets at year end}}$
Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$



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Income statement for the period 1 April 2015 - 31 March 2016

DKK '000	Note	Group		Parent company	
		2015/16	2014/15	2015/16	2014/15
Revenue		261.971	229.179	0	0
Cost of sales		119.841	101.776	0	0
Work performed and capitalized as assets		11.203	9.790	0	0
Other External Costs		49.004	47.558	0	12
Gross profit		104.329	89.635	0	(12)
Staff Costs	2	73.116	67.094	0	0
Profit before amortisation and depreciation		31.213	22.540	0	(12)
Amortisation and depreciation	7,8	25.448	25.032	0	0
Operating profit/loss		5.765	(2.492)	0	(12)
Income from investment in subsidiaries	3	0	0	1.423	2.428
Financial income	4	1.404	9.677	0	0
Financial expenses	5	4.106	2.006	33	4
Result before tax		3.063	5.180	1.390	2.412
Tax on result for the year	6	980	1.590	(5)	(4)
Profit/loss for the year		2.083	3.591	1.395	2.416
Minority interests		688	1.174	0	0
JAI Group Holding ApS' share of profit for the year		1.395	2.416	1.395	2.416
Proposed distribution of profit					
Retained earnings				(28)	(12)
Reserve for net revaluation under the equity method				1.423	2.428
				1.395	2.416



See the possibilities

Assets at 31 march

DKK'000	Note	Group		Parent company	
		2015/16	2014/15	2015/16	2014/15
Non-current assets					
Intangible assets	7				
Goodwill		4.539	5.487	0	0
Software		3.372	3.185	0	0
Development projects - completed		39.029	48.512	0	0
Development projects - in progress		9.076	6.983	0	0
		56.016	64.167	0	0
Tangible assets	8				
Land and buildings		9.290	9.891	0	0
Leasehold improvements		3.207	3.714	0	0
Fixtures and equipment		30.968	32.449	0	0
Fixtures and equipment in progress		648	31	0	0
		44.113	46.085	0	0
Investments					
Subsidiaries	9	0	0	146.731	150.724
Non-current loan		152	193	0	0
Deferred tax	11	11.617	19.855	5	0
		11.769	20.047	146.736	150.724
Total non-current assets		111.898	130.300	146.736	150.724
Current assets					
Inventories	10	51.607	47.204	0	0
Receivables					
Trade receivables		39.130	44.672	0	0
Amounts owed by group enterprises		0	0	1.154	0
Deferred tax	11	7.897	2.411	0	0
Other receivables		2.714	2.482	0	0
Prepaid expenses		16.736	16.061	0	0
Prepaid corporation tax	14	1.608	2.316	1.608	2.007
		68.085	67.942	2.762	2.007
Cash and bank balances		85.638	91.137	22.549	18.295
Total current assets		205.330	206.283	25.311	20.302
Total assets		317.227	336.583	172.047	171.026



See the possibilities

Equity and liabilities at 31 March

DKK'000	Note	Group		Parent company	
		2015/16	2014/15	2015/16	2014/15
Share Capital		630	630	630	630
Reserve for net revaluation under the equity method		0	0	61.737	65.730
Retained earnings		171.383	170.348	109.647	104.618
Equity Capital		172.013	170.978	172.013	170.978
Minority interests		70.985	72.916		
Total Equity		242.998	243.894		
Other Provisions	12	4.224	4.007	0	0
Deferred tax	11	9.515	13.913	0	0
Provisions		13.739	17.920	0	0
Liabilities other than provisions					
Non-Current Liabilities other than provisions	13	20.658	25.033	0	0
Current liabilities other than provisions					
Current portion of non-current liabilities other than provisions		3.630	5.411	0	0
Trade payables		9.744	11.465	0	0
Acceptance credit		4.660	6.333	0	0
Prepayments from customers		283	101	0	0
Corporation tax	14	2.593	3.855	0	0
Other payables	15	18.922	22.572	34	48
Total current liabilities other than provisions		39.832	49.737	34	48
Total liabilities other than provisions		60.490	74.770	34	48
Total equity and liabilities		317.227	336.583	172.047	171.026

Note 1 Accounting uncertainties, estimates and assessments

Note 16 - Contingent liabilities

Note 17 - Related parties transactions



See the possibilities

Cash flow statement for the period 1 April - 31 March.

DKK '000	Note	Group	
		2015/16	2014/15
Operating profit		5.765	-2.492
Depreciation and amortization		25.448	25.032
Provisions and other adjustments		-2.171	325
Changes in working capital	A	-4.707	-15.972
Financial items, received		1.404	2.783
Financial items, paid		-1.398	-1.764
Corporate taxes paid		-5.999	-2.464
Cash flow from operating activities		18.342	5.448
Acquisitions and disposal of intangible and tangible assets		-16.008	-24.932
Cash flow from investing activities		-16.008	-24.932
Change in non-current liabilities		-5.711	13.579
Paid dividend		-2.117	-2.117
Cash flow from financing activities		-7.828	11.462
Net change from operating, investing and financing activities		-5.494	-8.022
Cash and cash equivalents at 1 April		91.137	92.479
Foreign exchange adjustments		-5	6.680
Cash and cash equivalents at 31 March		85.638	91.137
Cash and cash equivalents at 31 March comprise:			
Cash and bank balances		85.638	91.137
Note A - Changes in working capital			
Inventories		-4.403	-8.307
Accounts receivable		5.542	-8.805
Prepayments		-675	-2.880
Prepayment from customers		182	-73
Trade accounts payable		-1.721	2.071
Other accounts payable		-3.632	2.022
		-4.707	-15.972

The Cash flow statement cannot be directly derived from the other components of the consolidated and parent company financial statement.



See the possibilities

Statement of changes in equity for the period 1 April 31 March.

DKK'000	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Share capital				
Share capital at 1 April	630	630	630	630
Share capital at 31 March	630	630	630	630
Class A shares, DKK 1,000 each	200	200	200	200
Class B shares, DKK 1,000 each	430	430	430	430
Share capital at 31 March	630	630	630	630
Retained earnings				
Retained earnings at 1 April	170.348	156.231	104.618	99.572
Net profit/loss for the year	1.395	2.420	(28)	(12)
Received dividend from subsidiaries	0	0	5.057	5.057
Received Dividend own shares	220	220	0	0
Foreign exchange adjustments, group enterprises	(581)	11.477	0	0
Retained earnings at 31 March	171.383	170.348	109.647	104.618
Reserve for net revaluation under the equity method				
Reserve for net revaluation 1 April			0	0
Result from change in accounting policies			65.730	56.664
Reserve for net revaluation 1 April			65.730	56.664
Paid dividend			(5.057)	(5.057)
Received dividend own shares			220	220
Currency adjustment			(579)	11.476
Net profit/loss for the year			1.423	2.428
Reserve for net revaluation 31 March			61.737	65.730
Equity at 31 March	172.013	170.978	172.013	170.978
Minority interests				
Minority interests, 1 April	72.916	68.530		
Net profit/loss for the year	688	1.171		
Received dividend own shares	106	106		
Foreign exchange adjustments, group enterprises	(282)	5.552		
Paid dividend	(2.443)	(2.443)		
Minority interests, 31 March	70.985	72.916		
Total Equity at 31 March	242.998	243.894		

There have been no changes in the share capital during the last 5 years.



See the possibilities

Notes

Note 1 Accounting uncertainties, estimates and assessments

The presentation of the Annual Report involves a calculation of the carrying amount of certain assets and liabilities which is subject to various assessments, estimates and assumptions about future events. These are often based on factors that in certain circumstances are considered reasonable and correct by Company Management at the time of reporting. In the nature of the case, however, these factors are often associated with some degree of uncertainty and predictability. In the following, a description is given of some of the most material estimation uncertainties and assessments regarding valuation. The Annual Report has been prepared based on Management's best estimates and assessments at the time of reporting.

Tax asset

A deferred tax asset totalling DKK 19,514k has been recognised in the Consolidated Financial Statements. The tax asset has been recognised to the extent that it is considered probable that the tax asset may be realised within the foreseeable future. The amount has been determined on the basis of the budget prepared for 2016/17 and estimates for 2017/18 and 2018/19, so that the amount is based on an estimate of the probable future taxable profit for that period.

Notes

DKK'000	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Note 2 - Staff costs				
Wages and salaries	65.634	59.781	0	0
Social security costs	5.289	5.501	0	0
Other staff costs	2.194	1.813	0	0
Total staff costs	73.116	67.094	0	0
Remuneration of parent company Executives	3.579	3.579	0	0
Remuneration of parent company Supervisory Boards	340	340	0	0
	3.919	3.919	0	0
Average number of employees	140	138	0	0
Note 3 Income from investment in subsidiaries				
Share of profits of subsidiaries			1.423	2.428
Note 4 - Financial income				
Interest income	24	2	0	0
Foreign exchange Income	1.380	9.675	0	0
Financial Income	1.404	9.677	0	0
Note 5 - Financial expenses				
Interest expense	1.352	701	33	4
Foreign exchange losses	2.754	1.301	0	0
Financial Expenses	4.106	2.003	33	4

Notes

DKK'000	Group		Parent company	
	2015/16	2014/15	2015/16	2014/15
Note 6 - Tax on the profit for the year				
Current tax	3.647	3.603	0	(4)
Changes in deferred tax	(2.667)	(1.986)	(5)	0
Adjustment to tax relating to previous years	0	(26)	0	0
Corporation tax	980	1.590	(5)	(4)

Note 7 Intangible assets

DKK'000	Goodwill	Software	Development projects completed	Development projects in progress	Total
Group					
Cost at 1 April	15.853	11.414	154.866	6.983	189.116
Foreign exchange adjustments	0	-145	-1.888	23	-2.010
Additions	0	1.095	0	11.203	12.298
Transferred	0	0	9.133	-9.133	0
Disposals	0	-306	-5.336	0	-5.642
Cost at 31 March	15.853	12.058	156.775	9.076	193.762
Amortisation and impairment losses at 1 April					
	10.366	8.229	106.354	0	124.949
Foreign exchange adjustments	0	-141	-551	0	-692
Amortisation	948	904	17.279	0	19.131
Amortisation on disposals	0	-306	-5.336	0	-5.642
Amortisation and impairment losses at 31 March	11.314	8.686	117.746	0	137.746
Carrying amount at 31 March	4.539	3.372	39.029	9.076	56.016



See the possibilities

Notes

DKK'000

Note 8- Tangible assets

Group	Land and buildings	Leasehold improvements	Fixtures and equipment	Fixtures and equipment in progress	Total
Cost at 1 April	19.044	7.493	80.455	31	107.023
Foreign exchange adjustments	103	-74	-158	0	-129
Additions	0	126	3.674	648	4.448
Disposals	0	-116	-4.652	-31	-4.799
Cost at 31 March	19.147	7.429	79.319	648	106.543
Depreciation and impairment losses at 1 April	9.153	3.779	48.006	0	60.938
Foreign exchange adjustments	85	-79	-63	0	-57
Depreciation	619	638	5.060	0	6.317
Depreciation on disposals	0	-116	-4.652	0	-4.768
Depreciation and impairment losses at 31 March	9.857	4.222	48.351	0	62.430
Carrying amount at 31 March	9.290	3.207	30.968	648	44.113

Note 9 - Subsidiaries

	Parent Company	
	2015/16	2014/15
Cost at 1 April	84.994	84.994
Cost at 31 March	84.994	84.994
Value adjustments at 1 April	65.730	56.664
Paid dividend	(5.057)	(5.057)
Received dividend own shares	220	220
Other adjustments	(579)	11.476
Net Profit/loss for the year	1.423	2.428
Value adjustments at 31 March	61.737	65.730
Carry amount at 31 March	146.731	150.724

Ownership share, subsidiaries	Owner-ship	Currency '000	Share capital	Equity (T.DKK)	Profit(loss) (T.DKK)
JAI A/S, Valby, Denmark	67,4 %	DKK	9.341	217.712	2.111
				217.712	2.111



See the possibilities

Notes

DKK'000	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Note 10 - Inventories				
Raw materials and consumables	44.975	38.287	0	0
Work in progress	5.146	7.510	0	0
Finished goods and goods for resale	13.219	11.775	0	0
Inventories	63.339	57.572	0	0
- Provisions for obsolescence	11.732	10.368	0	0
Inventories, net	51.607	47.204	0	0
Note 11 - Deferred tax				
Deferred tax liability at 1 April	8.353	3.296	0	0
Foreign exchange adjustments at 1 April	(1.021)	3.070	0	0
Change in deferred tax	2.667	1.986	5	0
Deferred tax at 31 March	9.999	8.353	5	0
Deferred tax is recognised in:				
Assets (non- current and current assets)	19.514	22.266	5	0
Liabilities	(9.515)	(13.913)	0	0
Deferred tax at 31 March	9.999	8.353	5	0
Note 12 - Other provisions				
Other provisions at 1 April	4.007	3.541	0	0
Foreign exchange adjustments	(29)	523	0	0
Used	(956)	(469)	0	0
Provided	1.202	412	0	0
Other provisions at 31 March	4.224	4.007	0	0
Other provisions at 31 March are recognised as follows:				
Pension obligations	2.338	2.077	0	0
Warranty obligations	1.887	1.930	0	0
Other provisions at 31 March	4.224	4.007	0	0



See the possibilities

Notes

DKK'000	Group		Parent company	
	2015/16	2014/15	2015/16	2014/15
Note 13 - Non-current liabilities other than provisions				
Falling due as follows:				
Due between 1-5 years	20.658	25.033	0	0
Total non-current liabilities other than provisions	20.658	25.033	0	0
Non-current liabilities other than provisions are recognised as follows:				
Lease obligations	1.324	401	0	0
Credit institutions	19.334	24.632	0	0
Total non-current liabilities other than provisions	20.658	25.033	0	0
Note 14 - Corporation tax				
Corporation tax payable at 1 April	6.171	105	2.007	0
Foreign exchange rate adjustments at 1 April	13	0	0	0
Tax on profit for the year	3.647	3.603	0	4
Corporation tax paid during the year	(5.630)	2.464	3.615	2.003
Corporation tax payable at 31 March, net	4.201	6.171	1.608	2.007
Corporation tax is payable as follows:				
Assets	1.608	2.316	1.608	2.007
Liabilities	2.593	3.855	0	0
Corporation tax payable at 31 March, net	4.201	6.171	1.608	2.007

Note 15 - Other payables

Other payables includes holiday allowance, bonus, VAT, etc.



See the possibilities

Notes

Dkk '000

Note 16 - Contingent liabilities

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Lease obligations	612	955	0	0
Rental obligations	4.883	7.615	0	0
Total contingent liabilities	5.495	8.570	0	0

There has been issued guaranties of DKK 0.6 million through TRYG insurance company and DKK 0,2 million through Danske Bank.

The company is jointly taxed with the Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. At 31 March 2016, the net taxes payable to the Danish Central Tax Administration by the companies included in the joint taxation amounted to DKK 0 (zero). Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase. The Group as a whole is not liable to others.

Note 17 - Related parties transactions

Related parties comprise the Executive and Supervisory Boards and subsidiaries. Apart from Jørgen Andersen, no member of the Executive and Supervisory Boards is able to exercise control over the Company

JAI Group Holding ApS is owed 100% by Jørgen Andersen, Langelinie Allé, Copenhagen.