

Eglo Danmark A/S

Agerbakken 20, 8362 Hørning

Company reg. no. 26 39 94 40

Annual report

2015

The annual report has been submitted and approved by the general meeting on the 17 February 2016.

Ole Selch

Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

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Management's report

The board of directors and the managing director have today presented the annual report of Eglo Danmark A/S for the financial year 1 January to 31 December 2015.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

The annual report is recommended for approval by the general meeting.

Hørning, 21 January 2016

Managing Director

Ole Selch

Board of directors

Christian Obwieser

Peter Gabl

Ole Selch

The independent auditor's report on the annual accounts

To the shareholders of Eglo Danmark A/S

We have audited the annual accounts of Eglo Danmark A/S for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as it determines necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts 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 about whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts 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 the management, as well as the overall presentation of the annual accounts.

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

The audit has not resulted in any qualification.

The independent auditor's report on the annual accounts

Opinion

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Aarhus, 21 January 2016

Redmark

State Authorised Public Accountants
CVR-nr. 29 44 27 89

Thomas Amby Andersen

State Authorised Public Accountant

Company data

The company	Eglo Danmark A/S Agerbakken 20 8362 Hørning
	Company reg. no.: 26 39 94 40 Financial year: 1 January - 31 December
Board of directors	Christian Obwieser Peter Gabl Ole Selch
Managing Director	Ole Selch
Auditors	Redmark, Statsautoriseret Revisionspartnerselskab Sommervej 31C 8210 Aarhus V
Parent company	Eglo Leuchten GmbH

Accounting policies used

The annual report for Eglo Danmark A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency, which are not settled at the date of the balance sheet, are translated by using the closing rate. The difference between the closing rate and the rate at the time of establishment of the receivable or the payable is recognised in the profit and loss account under financial income and financial costs.

Accounting policies used

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises and loss on debtors.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

Accounting policies used

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Buildings	50 years
Other plants, operating assets, fixtures and furniture	3-8 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Accounting policies used

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2015</u>	<u>2014</u>
Gross profit	8.359.930	6.220.375
2 Staff costs	-4.082.668	-3.948.410
Depreciation and amortisation of tangible fixed assets	-453.030	-373.933
Operating profit	3.824.232	1.898.032
Other financial income from group enterprises	37.236	14.661
Other financial costs	0	-9.809
Results before tax	3.861.468	1.902.884
3 Tax of the results for the year	-1.001.622	-466.289
Results for the year	2.859.846	1.436.595
Proposed distribution of the results:		
Allocated to results brought forward	2.859.846	1.436.595
Distribution in total	2.859.846	1.436.595

Balance sheet 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2015</u>	<u>2014</u>
Fixed assets		
4 Land and property	3.333.370	3.390.315
5 Other plants, operating assets, and fixtures and furniture	1.456.253	941.843
Tangible fixed assets in total	<u>4.789.623</u>	<u>4.332.158</u>
Fixed assets in total	<u>4.789.623</u>	<u>4.332.158</u>
Current assets		
Trade debtors	7.383.072	4.718.846
Amounts owed by group enterprises	149.716	3.958.801
Deferred tax assets	28.064	40.253
Accrued income and deferred expenses	116.503	48.039
Debtors in total	<u>7.677.355</u>	<u>8.765.939</u>
Cash funds	<u>882.758</u>	<u>211.850</u>
Current assets in total	<u>8.560.113</u>	<u>8.977.789</u>
Assets in total	<u>13.349.736</u>	<u>13.309.947</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2015</u>	<u>2014</u>
Equity			
6	Contributed capital	1.350.000	1.350.000
7	Results brought forward	8.108.300	5.248.454
	Equity in total	<u>9.458.300</u>	<u>6.598.454</u>
Liabilities			
	Trade creditors	665.562	755.334
	Debt to group enterprises	106.609	3.400.458
	Payable corporate tax	133.601	439.942
	Other liabilities	2.985.664	2.115.759
	Short-term liabilities in total	<u>3.891.436</u>	<u>6.711.493</u>
	Liabilities in total	<u>3.891.436</u>	<u>6.711.493</u>
	Equity and liabilities in total	<u>13.349.736</u>	<u>13.309.947</u>
8	Mortgage and securities		
9	Contingencies		
10	Related parties		

Notes

All amounts in DKK.

1. Principal activities

The company's main business is wholesale of lamps and light fittings.

	<u>2015</u>	<u>2014</u>
2. Staff costs		
Salaries and wages	3.743.356	3.606.469
Pension costs	268.991	252.640
Other costs for social security	50.110	63.745
Other staff costs	20.211	25.556
	<u>4.082.668</u>	<u>3.948.410</u>
 Average number of employees	 <u>7</u>	 <u>8</u>
 3. Tax of the results for the year		
Tax of the results for the year, parent company	969.196	487.942
Adjustment for the year of deferred tax	12.189	-21.653
Adjustment of tax for previous years	20.237	0
	<u>1.001.622</u>	<u>466.289</u>
 4. Land and property		
Cost 1 January 2015	3.447.260	0
Additions during the year	<u>0</u>	<u>3.447.260</u>
Cost 31 December 2015	<u>3.447.260</u>	<u>3.447.260</u>
 Depreciation and writedown 1 January 2015	 -56.945	 0
Depreciation and writedown for the year	<u>-56.945</u>	<u>-56.945</u>
Depreciation and writedown 31 December 2015	<u>-113.890</u>	<u>-56.945</u>
 Book value 31 December 2015	 <u>3.333.370</u>	 <u>3.390.315</u>

Notes

All amounts in DKK.

	<u>31/12 2015</u>	<u>31/12 2014</u>
5. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2015	1.980.280	1.558.779
Additions during the year	1.016.495	492.061
Disposals during the year	<u>-329.227</u>	<u>-70.560</u>
Cost 31 December 2015	<u>2.667.548</u>	<u>1.980.280</u>
Depreciation and writedown 1 January 2015	-1.038.437	-748.683
Depreciation and writedown for the year	-371.698	-360.314
Depreciation and writedown, assets disposed of	<u>198.840</u>	<u>70.560</u>
Depreciation and writedown 31 December 2015	<u>-1.211.295</u>	<u>-1.038.437</u>
Book value 31 December 2015	<u>1.456.253</u>	<u>941.843</u>
6. Contributed capital		
Contributed capital 1 January 2015	<u>1.350.000</u>	<u>1.350.000</u>
	<u>1.350.000</u>	<u>1.350.000</u>
<p>The share capital consist of 1000 shares, each with a nominal value of DKK 1350. No shares hold particular rights.</p>		
7. Results brought forward		
Results brought forward 1 January 2015	5.248.454	3.811.859
Profit or loss for the year brought forward	<u>2.859.846</u>	<u>1.436.595</u>
	<u>8.108.300</u>	<u>5.248.454</u>
8. Mortgage and securities		
<p>The Company has no mortgages or securities.</p>		
9. Contingencies		
Contingent liabilities		
<p>The Company has no lease commitments.</p>		

Notes

All amounts in DKK.

10. Related parties

Controlling interest

Eglo Leuchten GmbH	Majority shareholder
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Other related parties

Ole Selch	Board member
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Christian Obwieser	Board member
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Peter Gabl	Board member
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Transactions

The Company purchase all goods from group enterprises and has been effected at arm's length.

At 31 December 2015 a net debt totalling TDKK 106 exists to group enterprises.

Furthermore Eglo Danmark A/S has purchased service (computer support etc.) from group enterprises. The company has a receivable totalling TDKK 149 from group enterprises. These purchases amounts to less than 1 % of the total costs.

Apart from the above, there have been no transactions with the Supervisory Board, the Executive Board, group enterprises or other related parties, except for inter company transactions and normal management remuneration.

Ownership

According to the company's list of shareholders, the following shareholders own a minimum of 5 % of the voting rights or a minimum of 5 % of the share capital:

Eglo Leuchten GmbH, Heiligkreuz 22, 6130 Pill, Østrig,

The Annual Report of Eglo Danmark A/S is included in the consolidated Annual Report for the parent company. The consolidated Annual Report can be obtained at the above address.