

# **Despec Nordic Holding A/S**

Vassingerødvej 25, 3540 Lynge

CVR no. 27 98 30 81

## **Annual report 2015**

Approved at the Company's annual general meeting on 15. April 2016

Chairman of the general meeting:

A handwritten signature in blue ink is written over a horizontal dotted line. The signature is stylized and appears to be the name of the Chairman of the general meeting.

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### Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Despec Nordic Holding A/S for the financial year 1 January – 31 December 2015.

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 31 December 2015 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015.

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 the annual report approved at the annual general meeting.

Lynge, 15 April 2016

Executive Board:

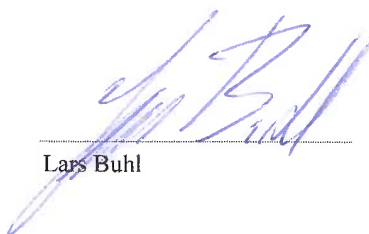


Michael S. Voll  
CEO

Board of Directors:




Jens Josefsen  
Chairman



Lars Buhl



Michael S. Voll



Torkil N. Jensen



Thomas Sterlet

## **Independent auditors' report**

### **To the shareholders of Despec Nordic Holding A/S**

#### **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 Despec Nordic Holding A/S for the financial year 1 January – 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, 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 plans 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' judgement, 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 December 2015 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

## **Independent auditors' report**

### **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.

Frederiksberg, 15. April 2016

#### **ERNST & YOUNG**

Godkendt Revisionspartnerselskab

CVR-nr. 30 70 02 28



Ole Hedemann  
State Authorised  
Public Accountant



Anders Flymer-Dindler  
State Authorised  
Public Accountant

## **Management's review**

### **Company details**

Name	Despec Nordic Holding A/S
Address, zip code, city	Vassingerødvej 25, 3540, Lynge
CVR no.	27 98 30 81
Established	29 July 2004
Registered office	Allerød
Financial year	1 January – 31 December
Website	<a href="http://www.despec.dk">www.despec.dk</a>
E-mail	<a href="mailto:info@despec.dk">info@despec.dk</a>
Telephone	45 76 47 00
Board of Directors	Jens Josefsen, Chairman Lars Buhl Michael S. Voll Torkil N. Jensen Thomas Sterlet
Executive Board	Michael S. Voll
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4 2000 Frederiksberg

## Management's review

### Financial highlights for the Group

EUR'000	2015	2014	2013	2012	2011
<b>Key figures</b>					
Revenue	190,387	179,829	173,289	175,542	180,782
Gross profit	15,163	11,550	10,683	10,871	11,040
Operating profit	4,248	2,601	1,914	2,626	3,008
Profit/loss from financial items	-276	-329	51	-98	43
<b>Profit for the year</b>	<b>2,979</b>	<b>1,761</b>	<b>1,556</b>	<b>1,877</b>	<b>2,239</b>
Investment in fixed assets	253	35	236	14	540
Non-current assets	1,185	233	512	704	1,086
Current assets	36,936	39,771	33,838	30,940	33,961
Cash in bank and hand	604	119	267	1,551	473
<b>Total assets</b>	<b>38,121</b>	<b>40,004</b>	<b>34,350</b>	<b>31,644</b>	<b>35,047</b>
Share capital	796	796	796	796	796
<b>Equity</b>	<b>11,193</b>	<b>10,441</b>	<b>9,406</b>	<b>9,250</b>	<b>9,125</b>
Current liabilities	24,555	28,870	24,288	21,812	25,308
Cash flow from operating activities	6,714	-973	-387	1,996	918
Net cash flow from investing activities	-1,956	-35	-202	-14	-574
Cash flow from financing activities	-4,273	860	-695	-904	-587
<b>Total cash flow</b>	<b>485</b>	<b>-148</b>	<b>-1,284</b>	<b>1,078</b>	<b>-243</b>
<b>Financial ratios</b>					
Operating margin	2.23%	1.45%	1.10%	1.50%	1.66%
Return on invested assets	10.98%	7.03%	5.96%	8.12%	9.03%
Gross margin	7.96%	6.42%	6.16%	6.19%	6.11%
Solvency ratio	29.36%	26.1%	27.38%	29.23%	26.04%
Return on equity	27.54%	17.75%	16.68%	20.43%	24.75%
<b>Average number of full-time employees</b>	<b>167</b>	<b>137</b>	<b>135</b>	<b>133</b>	<b>132</b>

The financial ratios have been prepared in accordance with the principles presented in the accounting policies.

## Management's review

### Operating review

#### Principal activities of the Group

Despec Nordic Holding A/S' activities comprises trade and distribution of office and it-supplies to the whole-sale segment in the Nordic market.

The activities in Iceland are carried out through a branch owned by Despec Denmark A/S.

Despec Nordic Holding A/S is the parent company for the following subsidiaries:

- Despec Denmark A/S
- Despec Sweden AB
- Despec Norway AS
- Despec Finland Oy
- AB Thure Büngrer

#### Development in activities and financial matters

As part of initiatives to strengthen Despec' position on the Nordic market for IT and office supplies, the Swedish distributor of office supplies, AB Thure Büngrer, was acquired in the beginning of 2015.

With a strong sales performance and the acquisition of AB Thure Büngrer, the Group realized a net revenue of 190,4 mEUR in 2015, which is the highest in its history. The revenue was achieved in a market which is still undergoing major changes and where the ability of distributors to act effectively and innovatively is increasingly challenged. An increase of 6% in net revenue compared to last year supports the belief that Despec has further strengthened its market position over the past year.

In addition to increased revenue, Despec managed to improve gross profits in 2015 by 31%, from 11.6 mEUR in 2014 to 15.2 mEUR in 2015 - this growth was positively impacted by strong pricing control towards the market and overall growth in several group entities as well as the acquisition of AB Thure Büngrer.

With the acquisition of AB Thure Büngrer, continued expansion of the organisation and increased investments in effective IT solutions, Despec took the necessary steps in 2015 to meet the increasing challenges in the years to come. Despite increased investments and the challenge of integrating a new entity in the Group, Despec managed to realize a profit after tax of 3.0 mEUR in 2015 compared to 1.8 mEUR in 2014.

#### Outlook

The Management expect the investments and initiatives that was initiated in 2015 to have effect by the end of 2016. Together with the decision of consolidating the Swedish warehouse facilities in HY2 2016 the Management believes in a continuous improvement of the groups position in the Nordic marked in the coming years.

Management expects the net result for 2016 to be above the level for 2014 but below the level for 2015.

#### Risks

##### *General risks*

The general operating risks for the Despec Nordic Holding Group comprises the competition parameters price, mix of products and delivery time. All parameters are optimized on an ongoing basis, based on marked development, the demand from customers and actions from the competitors.

##### *Currency risks*

The group invoices customers in DKK, ISK, SEK, NOK and EUR. Purchases are essentially carried out in EUR. Currency risks in SEK and NOK are largely secured through derivatives. Due to the international suspension of ISK as a trading currency, the exchange rate for ISK is based on the Icelandic national bank, Sedlabankis, official exchange rate.

## **Management's review**

### **Operating review**

#### **Risks (continued)**

##### ***Credit risks***

Credit risks relates to trade receivables. According to the Groups credit policy all customers are being credit rated and if possible insured through an external insurance company.

#### **Social responsibility and diversity**

The Group support the Danish government's efforts to put social responsibility high on the agenda. However, the Despec Nordic Holding Group has decided not to prepare formal policies regarding social responsibility, climate and human rights. This decision is based on the Nordic approach for the group.

The Despec Nordic Holding Group seeks to create value for its customers and owners. As part of this is also the effort to be social responsible and be an as attractive partner and employer as possible through responsible attitude and behaviour.

The Group believes in diversity through the employees, including an equal mix of men and women, contributes positively to the working environment and strengthens the company's performance end competitiveness.

The diversity in the Board of Directors reflects the ownership structure. The target for the underrepresented gender is one and the target is sought to be fulfilled in 2018. Since there has been no new members of the Board of Directors in 2015, the gender composition remains the same. The Board of Directors consist of 5 men.

Despec Nordic Holding A/S has less than 50 employees and have assessed no importance of drawing a policy for gender composition for other management levels in accordance with Article 139a part 6 in The Danish Companies Act.

## Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

### Income statement

Note	EUR'000	Consolidated		Parent company	
		2015	2014	2015	2014
2	Revenue	190,387	179,829	0	0
	Other operating income	0	0	187	162
	Cost of goods sold	-170,898	-164,988	0	0
3	Other external costs	-4,326	-3,291	-174	-194
	<b>Gross profit/loss</b>	<b>15,163</b>	<b>11,550</b>	<b>13</b>	<b>-32</b>
4	Staff costs	-10,505	-8,635	0	0
8/9	Depreciation	-410	-314	0	0
	<b>Operating profit/loss</b>	<b>4,248</b>	<b>2,601</b>	<b>13</b>	<b>-32</b>
	Share of profit in subsidiaries after tax	0	0	3,067	1,797
5	Financial income	613	575	249	261
6	Financial expenses	-889	-904	-378	-277
	<b>Profit before tax</b>	<b>3,972</b>	<b>2,272</b>	<b>2,951</b>	<b>1,749</b>
7	Tax on profit for the year	-993	-511	28	12
	<b>Profit for the year</b>	<b>2,979</b>	<b>1,761</b>	<b>2,979</b>	<b>1,761</b>
<b>Proposed profit appropriation</b>					
	Reserve for net revaluation under the equity method			620	1,774
	Retained earnings	1,479	1,011	859	-763
	Proposed dividends	1,500	750	1,500	750
		<b>2,979</b>	<b>1,761</b>	<b>2,979</b>	<b>1,761</b>

## Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

### Balance sheet

Note	EUR'000	Consolidated		Parent company	
		2015	2014	2015	2014
	<b>ASSETS</b>				
	<b>Non-current assets</b>				
8	<b>Intangible assets</b>				
	Goodwill	822	0	0	0
	Software	66	0	0	0
		888	0	0	0
9	<b>Property, plant and equipment</b>				
	IT-equipment	23	39	0	0
	Fixtures and fittings, tools and equipment	249	171	0	0
	Leasehold improvements	25	23	0	0
		297	233	0	0
	<b>Investments</b>				
10	Investments in subsidiaries	0	0	15,448	12,266
		0	0	15,448	12,266
	<b>Total non-current assets</b>	<b>1,185</b>	<b>233</b>	<b>15,448</b>	<b>12,266</b>
	<b>Current assets</b>				
	<b>Inventories</b>				
	Finished goods and goods for resale	13,706	16,104	0	0
		13,706	16,104	0	0
19	<b>Receivables</b>				
	Trade receivables	20,854	21,947	0	0
	Receivables from subsidiaries	0	0	3,396	7,101
	Dividends	0	0	2,400	0
	Corporation tax	26	41	51	47
	Other receivables	734	828	13	58
11	Deferred Tax Asset	143	253	0	0
	Prepayments	869	479	82	6
		22,626	23,548	5,942	7,212
	<b>Cash at bank and in hand</b>	<b>604</b>	<b>119</b>	<b>0</b>	<b>0</b>
	<b>Total current assets</b>	<b>36,936</b>	<b>39,771</b>	<b>5,542</b>	<b>7,212</b>
	<b>TOTAL ASSETS</b>	<b>38,121</b>	<b>40,004</b>	<b>21,390</b>	<b>19,478</b>

## Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

### Balance sheet

Note	EUR'000	Consolidated		Parent company	
		2015	2014	2015	2014
	<b>EQUITY AND LIABILITIES</b>				
	<b>Equity</b>				
12	Share capital	796	796	796	796
	Reserve for net revaluation under the equity method	0	0	5,252	4,563
	Retained earnings	11,193	9,645	5,941	5,082
	<b>Total equity</b>	<b>11,989</b>	<b>10,441</b>	<b>11,989</b>	<b>10,441</b>
	<b>Provisions</b>				
13	Deferred tax	1,033	677	0	0
	<b>Total provisions</b>	<b>1,033</b>	<b>677</b>	<b>0</b>	<b>0</b>
	<b>Liabilities other than provisions</b>				
	<b>Non-current liabilities other than provisions</b>				
14	Leasing	0	16	0	0
	Other payables	544	0	544	0
		<b>544</b>	<b>16</b>	<b>544</b>	<b>0</b>
	<b>Current liabilities other than provisions</b>				
	Current portion of non-current liabilities other than provisions	233	17	218	0
14	Bank loans and overdrafts	10,978	13,924	7,139	8,183
	Trade payables	4,122	7,214	0	17
	Payables to subsidiaries	0	0	0	87
	Corporation tax	245	19	0	0
	Proposed dividends	1,500	750	1,500	750
	Other payables	7,477	6,946	0	0
		<b>24,555</b>	<b>28,870</b>	<b>8,857</b>	<b>9,037</b>
	<b>Total liabilities other than provisions</b>	<b>25,099</b>	<b>28,886</b>	<b>9,401</b>	<b>9,037</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>38,121</b>	<b>40,004</b>	<b>21,390</b>	<b>19,478</b>

- 1 Accounting policies
- 15 Contractual obligations and contingencies etc
- 16 Collateral
- 17 Related party disclosures

## Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

### Statement of changes in equity

EUR'000	Consolidated		
	Share capital	Retained earnings	Total
Equity at 1 January 2014	796	8,610	9,406
Transferred; see profit appropriation	0	1,011	1,011
Currency translation adjustments, foreign subsidiaries	0	3	3
Value adjustments of hedging instruments at 31 December	0	21	21
<b>Equity at 1 January 2015</b>	<b>796</b>	<b>9,645</b>	<b>10,441</b>
Transferred; see profit appropriation	0	1,479	1,479
Currency translation adjustments, foreign subsidiaries	0	37	37
Value adjustments of hedging instruments at 31 December	0	32	32
<b>Equity at 31 December 2015</b>	<b>796</b>	<b>11,193</b>	<b>11,989</b>

EUR'000	Parent company			
	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2014	796	2,765	5,845	9,406
Transferred; see profit	0	1,774	-763	1,011
Currency translation adjustments, foreign subsidiaries	0	3	0	3
Value adjustments of hedging instruments at 31 December	0	21	0	21
<b>Equity at 1 January 2015</b>	<b>796</b>	<b>4,563</b>	<b>5,082</b>	<b>10,441</b>
Transferred; see profit appropriation	0	620	859	1,479
Currency translation adjustments, foreign subsidiaries	0	37	0	37
Value adjustments of hedging instruments at 31 December	0	32	0	32
<b>Equity at 31 December 2015</b>	<b>796</b>	<b>5,252</b>	<b>5,941</b>	<b>11,989</b>

## Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

### Cash flow statement

Note	EUR'000	Consolidated	
		2015	2014
	Operating profit	4,248	2,601
18	Adjustments of non-cash operating items	503	538
	Cash generated from operations before changes in working capital	4,751	3,139
19	Changes in working capital	3,095	-3,018
	Cash generated from operations (operating activities)	7,846	121
	Interest paid/received	-542	-531
	Cash generated from operations (ordinary activities)	7,304	-410
	Corporation tax paid	-590	-563
	<b>Cash flow from operating activities</b>	<b>6,714</b>	<b>-973</b>
	Acquisition of intangible assets	-66	0
	Acquisition of subsidiary	-1,746	0
	Acquisition of property, plant and equipment	-191	35
	Disposal of property, plant and equipment	47	0
	<b>Cash flow from investing activities</b>	<b>-1,956</b>	<b>-35</b>
	New bank loans and overdrafts	1,730	0
	Change in bank loans and overdrafts	-5,253	2,160
	Dividend paid out	-750	-1,300
	<b>Cash flow from financing activities</b>	<b>-4,273</b>	<b>860</b>
	<b>Net cash flow from operating, investing and financing activities</b>	<b>485</b>	<b>-148</b>
	Cash at 1 January	119	267
	<b>Cash at 31 December</b>	<b>604</b>	<b>119</b>

The cash flow statement can not be directly derived from the other components of the consolidated financial statements and the parent company financial statements.

## **Consolidated financial statements and parent company financial statements for the period 1 January – 31 December**

### **Notes to the financial statements**

#### **1 Accounting policies**

The annual report of Despec Nordic Holding A/S for 2015 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are consistent with those of last year.

#### **Consolidated financial statements**

The consolidated financial statements comprise the parent company, Despec Nordic Holding A/S, and subsidiaries in which Despec Nordic Holding 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 unrealised 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.

#### **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 recognised 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 recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

#### **Derivatives**

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

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

#### **Income statement**

##### **Revenue**

Income from the sale of goods for resale is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

##### **Other operating income**

Other operating income comprises items secondary to the activities of the enterprises, including intercompany fees.

## **Consolidated financial statements and parent company financial statements for the period 1 January – 31 December**

### **Notes to the financial statements**

#### **1 Accounting policies (continued)**

##### **Cost of goods sold**

Cost of goods sold comprises direct cost of goods sold, shipping costs and received discounts from suppliers.

##### **Other external costs**

Other external costs comprise costs such as rent, office expenses, external counselling and similar.

##### **Profits/losses from investments in subsidiaries and associates**

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

##### **Financial income and expenses**

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

##### **Tax on profit for the year**

Despec Nordic Holding A/S is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

V4M Invest ApS is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

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

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year – including changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

##### **Balance sheet**

##### **Intangible assets**

###### ***Goodwill***

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 10 years.

###### ***Software***

Software are measured at cost and amortised on a straight line basis over 3 years based on its estimated life cycle.

###### ***Licences***

Licenses are measured at cost and amortised on a straight line basis over the license period with a maximum of 8 years.

## Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Property, plant and equipment

IT-hardware, fixtures and fittings, tools and equipment and leasehold improvements 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.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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

IT-hardware	3-5 years
Fixtures and fittings, tools and equipment	3 years
Leasehold improvements	3 years

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

##### Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

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

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingencies, etc.

##### Investments in subsidiaries and associates

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

Investments in subsidiaries and associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries and associates with negative net asset values are measured at 0 EUR, and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

## **Consolidated financial statements and parent company financial statements for the period 1 January – 31 December**

### **Notes to the financial statements**

#### **1 Accounting policies (continued)**

##### **Investments in subsidiaries and associates (continued)**

Net revaluation of investments in subsidiaries and associates is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost.

##### **Impairment of non-current assets**

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

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.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

##### **Inventories**

Inventories are measured at cost in accordance with the average cost method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

##### **Receivables**

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's and the Group's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### **Prepayments**

Prepayments comprise costs incurred concerning subsequent financial years.

##### **Equity**

###### ***Reserve for net revaluation according to the equity method***

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method. The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

## **Consolidated financial statements and parent company financial statements for the period 1 January – 31 December**

### **Notes to the financial statements**

#### **1 Accounting policies (continued)**

##### **Equity (continued)**

###### ***Dividends***

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under current liabilities.

###### **Corporation tax and deferred tax**

Current tax payable and receivable is recognised 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 recognised 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 value of assets and liabilities. However, deferred tax is not recognised 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 different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; 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 unrealised intra-group profits and losses.

Deferred tax is measured in accordance with 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.

###### **Liabilities other than provisions**

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

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

Other liabilities are measured at net realisable 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 flow from investing activities. Cash flow from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flow from disposals of enterprises are recognised up until the date of disposal.

## Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Cash flow from operating activities

Cash flow 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 flow 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 flow 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 cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

##### Financial ratios

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	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}}$
Invested capital	Operating intangible assets and property, plant and equipment plus net working capital
Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Results for analytical purposes	Profit from ordinary activities after tax less non-controlling interests' share
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$

## Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 2 Segment information

It is the assessment of the Management that the groups markets do not differ from each other despite their geographical location. Based on this, and in accordance with the Danish Financial Statements Act § 96, no segment information is disclosed.

EUR'000	Consolidated		Parent company	
	2015	2014	2015	2014
<b>3 Fees paid to auditors appointed at the annual general meeting</b>				
Total fees to EY	108	70	14	14
Fee regarding statutory audit	63	58	14	14
Other assistance	45	12	0	0
	108	70	14	14
<b>4 Staff costs and incentive programmes</b>				
Wages and salaries	8,280	7,059	0	0
Pensions	724	605	0	0
Other social security costs	1,501	971	0	0
	10,505	8,635	0	0
Average number of full-time employees	167	137	0	0
In accordance with the Danish Financial Statements Act § 98b remuneration of the parent company Executive Board and Board of Directors are not disclosed.				
<b>5 Financial income</b>				
Interest income from subsidiaries	0	0	247	261
	0	0	247	261
<b>6 Financial expenses</b>				
Interest expense to subsidiaries	3	6	16	12
	3	6	16	12
<b>7 Tax on the profit for the year</b>				
Current tax for the year	835	523	-28	-12
Adjustment of deferred tax	162	-7	0	0
Adjustment regarding previous years	-4	-5	0	0
	993	511	-28	-12

## Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 8 Intangible assets

EUR'000	Consolidated			
	Goodwill	Software	Licenses	Total
Cost at 1 January 2015	1,357	293	650	2,300
Additions	1,090	66	0	1,156
Disposals	0	0	0	0
Cost at 31 December 2015	2,447	359	650	3,456
Amortisation at 1 January 2015	1,357	293	650	2,300
Amortisation during the year	268	0	0	268
Disposals	0	0	0	0
Amortisation at 31 December 2015	1,625	293	650	2,568
<b>Carrying amount at 31 December 2015</b>	<b>822</b>	<b>66</b>	<b>0</b>	<b>888</b>
Amortised over	10 years	3 years	1-8 years	

The parent company has no intangible assets (2014: nil)

#### 9 Property, plant and equipment

EUR'000	Consolidated			
	IT-equipment	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2015	994	653	206	1,853
Additions	6	224	23	253
Disposals	0	-88	0	-88
Cost at 31 December 2015	1,000	789	229	2,018
Amortisation at 1 January 2015	955	482	183	1,620
Amortisation during the year	22	99	21	142
Disposals	0	-41	0	-41
Amortisation at 31 December 2015	977	540	204	1,721
<b>Carrying amount at 31 December 2015</b>	<b>23</b>	<b>249</b>	<b>25</b>	<b>297</b>
Property, plant and equipment include finance leases with a carrying amount totalling	0	16	0	16
Depreciated over	3-5 years	3 years	3 years	

The parent company has no property, plant and equipment (2014: nil)

## Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

### Notes to the financial statements

EUR'000	Parent company	
	2015	2014
<b>10 Investments in subsidiaries</b>		
Cost at 1 January	7,703	7,703
Acquisition	2,492	0
Cost at 31 December	10,195	7,703
Value adjustments at 1 January	4,563	2,765
Profit for the year	3,067	1,797
Proposed dividend	-2,400	0
Other adjustments	23	1
Value adjustments at 31 December	5,253	4,563
<b>Carrying amount at 31 December</b>	<b>15,448</b>	<b>12,266</b>

Name	Registered office	Voting rights and ownership
Despec Denmark A/S	Allerød, Denmark	100 %
Despec Sweden AB	Stockholm, Sweden	100 %
Despec Norway AS	Sem, Norway	100 %
Despec Finland Oy	Helsingfors, Finland	100 %
AB Thure Büngr	Alvesta, Sweden	100 %

All subsidiaries are considered separate entities.

EUR''000	Consolidated		Parent company	
	2015	2014	2015	2014
<b>11 Deferred tax (asset)</b>				
Deferred tax at 1 January	253	192	0	0
Adjustment of deferred tax	-110	61	0	0
<b>Deferred tax at 31 December</b>	<b>143</b>	<b>253</b>	<b>0</b>	<b>0</b>
Deferred tax relates to:				
Intangible assets	4	7	0	0
Property, plant and equipment	19	11	0	0
Current assets	117	228	0	0
Liabilities other than provisions	3	7	0	0
	<b>143</b>	<b>253</b>	<b>0</b>	<b>0</b>

### 12 Share capital

The share capital comprises 7,960 A shares of EUR 100 thousand each.  
The share capital has remained unchanged for the last five years.

## Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

### Notes to the financial statements

EUR '000	Consolidated		Parent company	
	2015	2014	2015	2014
<b>13 Deferred tax (liability)</b>				
Deferred tax at 1 January	677	623	0	0
Addition from acquisition	278	0	0	0
Exchange rate adjustment	26	0	0	0
Adjustment of deferred tax	52	54	0	0
<b>Deferred tax at 31 December</b>	<b>1,033</b>	<b>677</b>	<b>0</b>	<b>0</b>
Deferred tax relates to:				
Property, plant and equipment	1	1	0	0
Current assets	12	12	0	0
Liabilities other than provisions	1,020	664	0	0
	<b>1,033</b>	<b>677</b>	<b>0</b>	<b>0</b>
<b>14 Non-current liabilities</b>				
Leasing	15	33	0	0
Other payables	762	0	762	0
	<b>777</b>	<b>33</b>	<b>762</b>	<b>0</b>
The liabilities are due within:				
> 1 year	233	17	218	0
1-5 year	544	16	544	0
5 > year	0	0	0	0
	<b>777</b>	<b>33</b>	<b>762</b>	<b>0</b>
<b>15 Contractual obligations and contingencies etc.</b>				
Rent obligations	801	1.050	0	0
Other operating leases	159	115	0	0
	<b>960</b>	<b>1.165</b>	<b>0</b>	<b>0</b>

### 16 Collateral

As guarantee for the Groups cash pool in the parent company the parent has provided the following collaterals:

- Floating charge of EUR 1,005 thousand in Despec Denmark A/S
- Floating charge of EUR 1,284 thousand in Despec Sweden A/S
- Floating charge of EUR 2,890 thousand in Despec Norway A/S
- Floating charge of EUR 1,796 thousand in AB Thure Bünger
- Surety ship from all subsidiaries

Further more trade receivables of EUR 13,487 thousand has been provided as guarantee of invoice credit with a limit of EUR 4,081 thousand. At 31 December 2015 the credit facility amounts to EUR 3,835 thousand.

## Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 17 Related party disclosures

Despec Nordic Holding A/S' related parties comprise the following:

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the voting rights or minimum 5% of the share capital:

Neos Invest A/S, Vassingerødvej 25, 3540 Lyngø

The ultimate parent company is V4M Invest ApS, Falkevej 6, 2970 Hørsholm

EUR'000	Consolidated	
	2015	2014
<b>18 Adjustments of non-cash operating items</b>		
Depreciations and amortisations	410	314
Currency gains and losses	266	202
Other adjustments	-173	22
<b>Carrying amount at 31 December</b>	<b>503</b>	<b>538</b>
<b>19 Changes in working capital</b>		
Change in inventories	3,819	-1,425
Change in receivables	2,449	-4,554
Change in trade payables and other payables	-3,173	2,961
<b>Carrying amount at 31 December</b>	<b>3,095</b>	<b>-3,018</b>