The annual report has been presented
and adopted at the Company's
Annual General Meeting on 28 February 2017

P-WT 2007 A/S

Malmøgade 3, København Ø, Denmark
Business Register No. (CVR-nr.) 31 07 45 41

Annual Report 2015/2016

(1 October 2015 – 30 September 2016)

Contents

Financial highlights and key ratios

DKK mio.	2015/16	2014/15	2013/14	2012/13	2011/12
Statement of comprehensive income					
Revenue	863	858	852	832	820
Gross profit	306	291	287	274	254
EBITDA	98	84	85	75	56
Profit/loss from ordinary activities	50	24	37	11	-10
Profit/loss for the year	50	24	37	11	-26
Comprehensive income for the year	50	24	38	16	-23
Balance sheet					
Total assets	1,028	998	932	950	999
Equity	498	448	420	383	267
Cash flows					
Cash flows from operating activities	48	9	66	22	54
Cash flows from investing activities, net	-41	-35	-16	-15	-5
Thereof, investment in property, plant and equipment	-12	-11	-13	-8	-11
Cash flows from financing activities	1	2	-13	-4	-45
Total cash flows	7	-24	36	3	3
Employees					
Average number of employees	535	546	553	554	566
Financial ratios stated as a percentage					
Gross margin	35.5	33.8	33.7	32.9	31.0
Operating margin	9.0	8.1	8.2	6.5	4.0
Return on invested capital	7.8	7.3	7.4	5.9	3.4
Solvency ratio	48.5	44.9	45.1	40.3	26.7
Return on equity	10.5	2.2	3.6	0.5	-9.3

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

For definitions, please see the accounting policies.

Year in short

We grew the business during the year with several new stores opening across Scandinavia and China. Our efforts to boost profitability paid off as we increased operating profit (EBITDA) by 16.8% on moderately higher revenue in retail markets that remained challenging.

Simultaneously, we continued to invest in the ongoing strengthening of our sales organisation in the wholesale company PWT Brands as well as our accelerated digital transformation of the Group. New initiatives were launched to ensure that we remain relevant and accessible to our customers – anytime and anywhere.

We drove great operational and financial progress during the year, and the journey towards realising our ambitions continues.

Word from the CEO – PWT Group dressed for the future

Great progress was made during the financial year under review, and PWT Group realised significant operational improvements and strong profitability growth as a result of dedicated efforts by all employees to build a stronger business.

We continued the work to expand our market leading position in Denmark and strengthen our presence across and beyond Scandinavia during the year. We were pleased to see that our sharp focus on optimising the Group's store network and improving customers' experience with our brands and chains yielded positive results. Total revenue grew moderately as we continued to win market shares under challenging market conditions – and our profitability grew significantly, outperforming the outlook for the year.

Our wholesale business, PWT Brands, delivered strong growth following a strengthening of our sales organisation and successful efforts to increase sales in both primary and export markets. Today, our brands are sold by more external partners than ever in stores as well as online, and we expect continued progress and positive results from our persistent efforts to tailor and improve our brand portfolio.

PWT Group grew revenue despite the challenging market conditions prevailing in our main geographies. We thus managed to grow our market share again this year, and we opened new stores and increased profitability at the same time. Tøjeksperten expanded in Denmark, and we pursued our strategy of strengthening Wagner's position as a dedicated menswear chain in the right locations across Denmark, Sweden and Norway. We drove great progress in China as well with nine new Wagner store openings during the financial year and positive overall financial developments, which we are aiming to improve in the coming period through operational optimisation.

All in all, we strengthened our physical presence during the year with new stores and upgrades of the existing network. But equally important, we continued and accelerated the digital transformation of PWT Group and realised positive results in the process. Our customers are at the very centre of the process as we are integrating the physical and online customer experience to be able to serve customers anytime and anywhere.

It is our mission to dress men – and it plays no role if they make their purchase in our stores or online. We have therefore introduced a new omni-channel concept ensuring that any out-of-stock product may be shipped immediately from our central warehouse to supplement the purchase already made in the store.

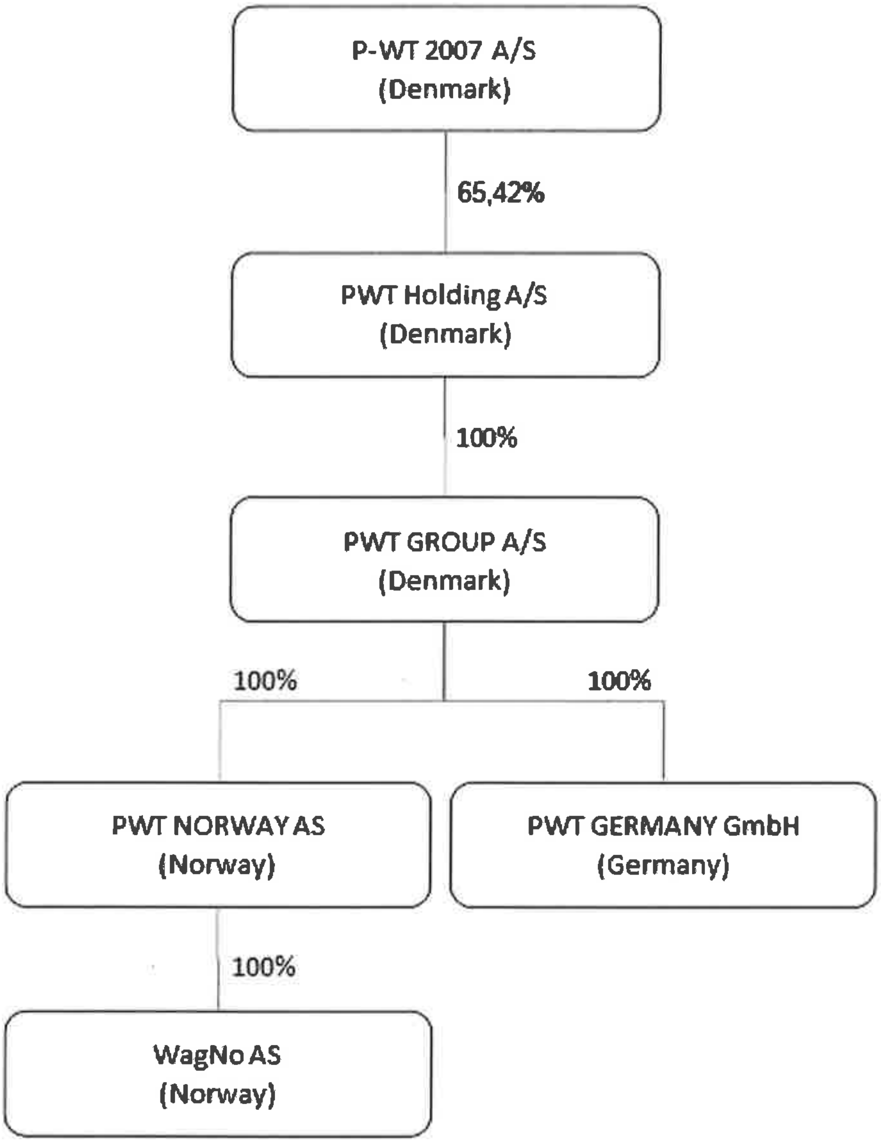
The initiative was implemented in September 2016 and has been well-received by customers welcoming the flexibility of the concept, which seamlessly merges the physical and online customer experience. Along the same lines, our customers appreciate the concepts of Price match and Click & Collect, ensuring our guaranteed competitiveness on price, in stores, at all times, and the option for customers to check availability and order products online for subsequent pickup in their preferred store.

With the continued expansion of our extensive store network and further improvement of our online presence, we are confident that PWT Group is dressed for the future. In the coming period, we will build on our existing platform and aim to improve our profitability further, grow our wholesale business significantly and win additional market shares in our retail chains. We are looking forward to the journey ahead.

Ole Koch Hansen
CEO PWT Holding A/S

MANAGEMENT COMMENTARY

Group chart



Group activities

PWT Group is a leading Scandinavian menswear business, which owns and operates the two menswear chains, Tøjeksperten and Wagner, and the international brand and wholesale company within menswear, PWT Brands.

PWT Group's own two retail chains are operated under separate names and with focus on different target groups as the strategy also sets out to further optimise back office functions handling procurement, marketing and administration in order to capitalise on synergies and obtain economies of scale.

Tøjeksperten is the largest menswear chain in Denmark with 111 stores across the country, of which 61 are owned by the Group, while 50 are franchised. Tøjeksperten focuses on quality clothing for fashion-conscious men of all ages and sells both its own and external brands.

Wagner has 56 stores in Denmark and 14 in Norway. 22 Danish and 13 Norwegian stores are owned by the Group, while 34 Danish stores and 1 Norwegian store are franchised. Wagner also counts 2 franchised stores in Sweden, and 13 stores in China. Wagner primarily sells the Group's own brands.

PWT Brands is an international brand and wholesale company offering distinctive brands with a full product range within menswear. PWT Brands develops, produces and sells a wide range of strong brands – Lindbergh, Shine Original, Bison, JUNK de LUXE, Morgan, Jack's Sportswear Intl. and Huzar, which i.a. are sold by the Group's own two retail chains.

In addition, the Group's brands are sold by 1,045 independent retailers in +20 countries.

Performance in the year under review

Total revenue of PWT Group grew moderately to DKK 863 million for the 2015/16 financial year as against DKK 858 million last year as the Group performed well in markets that remain challenged. The Group's wholesale business increased revenue further during the year, and the two menswear chains gained market shares in the challenging Danish retail market.

Operating profit (EBITDA) increased to DKK 98 million as against DKK 85 million last year corresponding to an EBITDA margin of 11.4% against 9.8% last year. Progress was mainly driven by lower external costs, a higher contribution margin due to process optimisation and moderate revenue growth.

Continued focus on strengthening PWT Group's own brands generated positive results in 2015/16 as PWT Brands built on earlier years' success and increased both revenue and earnings significantly compared to last year.

PWT Group's Danish retail chains, Tøjeksperten and Wagner, increased their combined market share on the Danish menswear market and improved profitability on slightly lower revenue. The two chains continue to have a strong market position and a solid basis for a substantial earnings increase when market conditions improve.

PWT Group's Norwegian Wagner shops saw a decrease in revenue during the year, and earnings were slightly lower as completed changes to the store network are still to yield the expected results.

Financial expenses declined in 2015/16 due to adjustment of fair value of financial instruments arising from currency hedging in relation to the Group's clothes production. In combination with the positive earnings development, this drove an increase in profit before tax to DKK 55 million against DKK 32 million last year.

Results for 2015/16 were satisfactory as PWT Group increased EBITDA significantly by 16.8% on slightly higher revenue.

Operational optimisation

In 2015/16, PWT Group continued its strategic efforts to optimise its business and improve the customer's experience with its brands and chains. Improvements continued, and the following results were achieved during the year:

- Revenue increased in Wholesale as the strategic plan for 2013-2018 showed good results and progress in PWT Brands on primary markets and export markets alike. The order book for the summer of 2017 indicates continued progress with an 10% increase on last year.
- The Lindbergh brand continued the positive development with several new inshops and a new store in Copenhagen Airport opening during the year.
- In Norway, Wagner sharpened focus on dedicated menswear shops in a number of larger cities. This resulted in closure of four shops for women and men and opening of four new dedicated menswear shops during the year. Also, Wagner's second shop in Sweden opened in 2015/16.
- PWT Group's retail chains increased the number of customer club members by 15%. The share of revenue generated by club members continued to increase.
- Efforts to increase the number of PWT Group's own brands in Tøjeksperten continued and progressed to plan, adding to the overall profitability.
- Bison continued the positive development and grew revenue in 2015/16 as the brand's functional designs are well-received in the Nordic markets.
- PWT Group's joint venture with a Chinese partner and IFU is progressing to plan, and 9 new Wagner shops opened in China in 2015/16, bringing the total number of shops to 13. Efforts will continue in 2016/17.

Lindbergh

The Lindbergh brand saw a continuation of recent years' growth during 2015/16 driven mainly by the brand's clear DNA, the division in 4 sub-labels (Blue, Black, White & Red) and continued focus on export markets. An increased focus on the 'White' sub-label has generated revenue and profit growth.

Shine Original

Tough competition on the jeanswear market continued, and efforts to strengthen Shine Original in export markets and focus the organisation continued during the year. Growth is expected for 2016/17 as initiatives are expected to yield results.

Bison

Bison is a very strong brand in Nordic markets because of continued focus on quality and development of the brand's collections. Investments in the sales organisation have improved revenue significantly and added to profitability, and Bison has a very strong position on the Danish market.

Tøjeksperten

During the year, PWT Group's largest retail chain, Tøjeksperten, opened 11 stores and closed 5 stores. Tøjeksperten gained market shares and increased earnings significantly on a slightly lower revenue due to a higher contribution margin and cost reductions.

Wagner

Retail chain Wagner expanded the network in Denmark and opened 3 new stores and closed 2 stores. Simultaneously, focused efforts were made to improve profitability in the coming period.

PWT Group has launched a new strategy in Norway and focused the store network, opening dedicated menswear stores in larger cities and closing combined menswear and womenswear stores in other areas. The new strategy is expected to generate positive results in the coming period.

Wholesale

PWT Brands continued the positive developments by further expanding its sales organisation with own sales representatives primarily on the markets in Sweden, Norway and Germany. Revenue and earnings grew significantly in 2015/16 as the effect of the sales-oriented measures materialised, especially in external sales.

PWT Brands continues the successful efforts optimising its brand portfolio, and the order book for delivery in 2016/17 projects satisfactory growth.

Events after the balance sheet date

No material events have occurred after the financial year-end.

Outlook

In 2016/17, PWT Group expects to increase revenue and improve earnings. In the medium term (3-5 years), PWT Group aims to report annual revenue growth in the range of 3-6% with operating profit (EBITDA) improving significantly around 10% despite a continuation of the challenging market conditions. Growth is expected to be driven by increasing export sales of the Group's brands to independent retailers and continued progress by the Group's retail chains, and profitability is expected to increase due to continued focus on operational optimisation.

Risk management

Risk management is an integrated part of the managerial process in PWT Group to limit uncertainties and risks in relation to the financial and strategic targets defined for the Group. As part of the annual update and approval of the strategy plan, Management assesses relevant business risks. For the purpose of risk assessment, Management considers, when required, the policy on currency risks adopted by the Board of Directors.

The Executive Board is responsible for ensuring that risks are continuously identified, assessed and accounted for in order to reduce any financial implications and probability of them becoming reality.

Operating risks

The Group's primary operating risks relate to the Group's ability to maintain a leading position on the Danish market for menswear.

The Group operates primarily within retail trading, which is sensitive to market fluctuations, as socioeconomic developments and private spending impact revenue and earnings. PWT Group is particularly affected by economic trends in Denmark from where the vast majority of Group revenue derives. Management regularly keeps track of realised and forecast market development to adjust costs and activities.

To counter market-related risks, the Group has, in recent years, invested heavily in developing the Group's brands and sale on the primary export markets by the wholesale business.

In Management's view, the notably strong market position diversifies and reduces operating risks to a certain degree.

Financial risks

The Group manages its financial risks centrally as well as coordinates liquidity management and funding. Together with the Board of Directors, Management annually assesses the Group's most important risks and, by way of regular monthly reporting, reports on aspects which may materially affect the Group's activities and risks. Corporate policy is not to engage in any speculation in financial risks, see note 35.

Internal control and risk management systems for financial reporting purposes

The Board of Directors and the Executive Board are overall responsible for risk management and internal controls in the Group for financial reporting purposes.

An audit committee has been established, which, together with the organisational structure and internal guidelines, makes up the control environment together with legislation and other rules applying to the Group. The Group's organisational structure and staff numbers are addressed at board meetings.

In relation to the financial reporting process, Management pays special attention to the following internal controls, supporting a satisfactory financial reporting process:

- Credit rating of debtors
- Assessment of the valuation of USD positions
- Assessment of accrual and valuation of inventories

PWT Group has established a Group reporting process comprising monthly reporting in the form of budget follow-up, performance assessment and compliance with defined targets.

On the basis of the Group reporting and reporting on other selected areas, five board meetings are held each year at which the reporting received is discussed and assessed.

Moreover, key employees from the Group participate in the board meetings at which they describe and account for the risks and controls within their areas of responsibility.

Capital resources

Management regularly assesses the appropriateness of the Group's capital structure. At 30 September 2016, net interest-bearing debt of the Group had been reduced slightly to DKK 375 million (30 September 2015: DKK 380 million).

During the 2015/16 financial year, PWT Group concluded an agreement with its bankers ensuring a solid financial foundation for projected future growth.

PWT Group has issued Senior Secured High Yield Bonds at an amount of DKK 300 million and with a life of five years (26 May 2019). The bonds do not come with a fixed repayment schedule and are not subject to specific covenants.

CORPORATE SOCIAL RESPONSIBILITY

In its capacity as a portfolio company under Polaris Private Equity, PWT Holding complies with the recommendations of the Danish Venture Capital and Private Equity Association (DVCA).

Reference is made to www.DVCA.dk for further information on the guidelines.

PWT Group acknowledges its responsibility for addressing challenges in low-income countries and has, in recent years, accordingly dedicated many efforts to ensuring sustainable operations in its countries of operation. As a consequence, the CSR agenda has become an increasing part of business strategy. PWT Group has a far-reaching network, and by way of this, the Group strives to drive economic development taking human resources and the environment into account. To foster such a development, PWT Group strives to encourage co-operation and dialogue with suppliers and other relevant parties on socially, environmentally and economically sustainable solutions.

PWT Group operates in accordance with the OECD's Guidelines for Multinational Companies and the ten principles of the United Nations Global Compact (UNGC) on social, environmental and economic sustainability. Furthermore, PWT Group is under an obligation to comply with Polaris Private Equity's principles for Corporate Social Responsibility. Generally, all business activities of the Group are to be in line with internationally recognised principles for sustainability, The International Bill of Human Rights, comprising fundamental rights at work from ILO's declaration on rights at work, the Rio declaration on environment and development, the UN convention against corruption and internationally recognised principles on animal welfare.

It is all about setting up processes allowing PWT Group to identify, prevent and remedy any potential or actual adverse impact that the Group may trigger or contribute to via its businessactivities within all four areas (social, environmen tal and economic sustainability as well as animal welfare).

The overall objective is to uphold sustainable business activities and simultaneously to allow the same principles on sustainability to flow through the business relationship with suppliers and other business relations. With its broad network, PWT Group is faced with numerous challenges in terms of CSR. Nevertheless, PWT Group considers the CSR agenda a fundamental and decisive factor for operating a sound and sustainable business.

Management keeps close track of the CSR agenda. At monthly follow-up meetings, Management is notified of the status of affairs from the operational level; status at that specific point in time, specific requirements to be met and not least how to do so. Status reports are used for internal reporting for the year, annual reporting to the Danish Ethical Trading Initiative (DIEH) and for annual reporting to the UN Global Compact going forward.

In order to strengthen its competences and tools within CSR as well as to be a player on the national and international CSR agenda, PWT Group is a member of numerous organisations and initiatives, which are set out on the next page.

POLICIES

By complying with its CSR Policy Commitment and actively using its Code of Conduct in its interaction with suppliers, PWT Group ensures compliance with international minimum standards as set out in OECD's Guidelines for Multinational Enterprises and the UN's Guiding Principles on Business and Human Rights. PWT Group's CSR Policy Commitment and Code of Conduct cover social, environmental and economic sustainability as well as animal welfare and describe how PWT Group works on developing and implementing due diligence processes in its own business and to expect the same from its business relations.

The Groups CSR Policy Commitment reads as follows:

"Irrespective of how we run our business, we will set up processes identifying, preventing or remedying any potential adverse impact that we may trigger or contribute to through our business activities. If we discover that we have triggered or contributed to such adverse impact, we will seek to provide satisfaction to the persons confronted with the impact or notify competent authorities."

and as follows with regard to its suppliers:

"We acknowledge our responsibility for striving to prevent or remedy any adverse impact on human rights, including rights at work, the environment and anti-corruption faced with during our business activities. To live up to this responsibility in the best possible way, we expect that our business relations (including suppliers and subsuppliers) set up a well-functioning management system to prevent or remedy any adverse impact...."

The following paragraphs describe the actions taken by PWT Group to contribute to and to avoid any adverse impact on social, environmental and economic sustainability as well as animal welfare.

ACTIONS AND FINDINGS
Social responsibility

Internal process
PWT Group has set up ongoing activities to promote job satisfaction among its employees. As part of these activities, the Group has set up a working environment committee, which is to assess the working environment and make recommendations for improvements.

All employees have taken part in performance reviews, in which personal and professional development is discussed. Regular anonymous employee satisfaction surveys are conducted. The individual leader takes the findings from the survey into account and makes the necessary adjustments.

The overall result from the last employee satisfaction survey is above average for the Danish labour market, which is satisfactory.

Additionally, PWT Group offers its employees a health insurance scheme and takes regular initiatives to promote health and well-being at work.

During the year, the staff association organises employee events to foster solidarity among the employees at the head office. Additionally, the individual employee is offered relevant courses within personal development. Furthermore, the chains organise local events, and, during the financial year, the chains held seminars and workshops for social and educational purposes.

On 30 September 2016, PWT Group had 634 (headcount) employees as against 660 at 1 October 2015. When trainees are not taken into account, 153 staff members were added during the year under review, and 219 employees left the company.

External process
PWT Group is aware of the fact that the most predominant risk of adverse impact on human rights arises from production with suppliers and subsuppliers in high-risk countries such as Bangladesh and India. Accordingly, PWT Group dedicates the vast majority of its CSR efforts to the work with its chains of suppliers.

PWT Group supports long-term sustainable development by building capacity and know-how on e.g. human rights at the local factories. The ambition is that several of the Groups suppliers are to take part in capacity-building projects, e.g. through industrial associations and multi-stakeholder initiatives such as BSCI and the Accord.

As a member of the Accord, PWT Group contributes to maintaining development and improvements within fire, building and electricity safety at the production factories in Bangladesh. As a result of its membership, PWT Group is under an obligation to retain its suppliers for a five-year period and thereby ensure job continuity. PWT Group is the lead on a number of factories when it comes to ensuring that the requirements of the Accord for building, fire and electricity safety are implemented.

The status on the audits is available at the website of the Accord. Furthermore, the Accord encourages the set-up of workers' participating committees, contributing to a strong social dialogue at the factories.

PWT has donated a life-long platinum membership of the CRP "Centre for the rehabilitation of the paralysed" situated in Dhaka, Bangladesh.

PWT Group has continued its BSCI membership and, to a wide extent, extended suppliers' knowledge about BSCI. Internal guidelines for the BSCI approval process of the factories have been laid down, which are effective until 2018. At the end of the financial year, 41 of PWT Group's 50 suppliers, equivalent to 95% of the Group's purchases, had conducted an audit producing a rating as "Acceptable" or "Approved", which accounted for a satisfactory increase. The ambition is to increase the number of approved suppliers in the coming year.

During the year under review, in addition to focusing on wholesale suppliers, the Group has focused on compliance by retail suppliers.

Environmental sustainability

Internal process

PWT Group strives to reduce environmental impact across the supply chain by optimising its transportation channels. Accordingly, sea freight is the preferred means for transportation of products to Denmark, and airfreight is reduced to an absolute minimum. Furthermore, all shipments from central inventories to the Group's own chains and external customers are optimised.

Waste sorting and the recycling of paper and cardboard are given a priority at the head office. In addition, the Group keeps regular track of the development of LED spots as an alternative to existing light sources in the shops of the Group. LED spots have been set up in some shops on a test basis, and the outcome will be monitored.

External process

PWT Group works actively to reduce adverse impact on the environment both upstream and downstream in the supply chain. PWT Group has defined a number of requirements and set up processes ensuring that suppliers comply with minimum requirements governing the use of chemical substances in production. Suppliers are to meet these requirements to reduce environmental impact to a minimum and ensure the health of the users of the products.

For many years, PWT Group has required suppliers to guarantee the non-use of AZO dyes for clothes manufacture. Furthermore, as part of the BSCI process, the suppliers are under an obligation to reduce environmental impact.

During the financial year 2015/16, PWT Group has intensified its focus on compliance with the REACH – EU directive. All suppliers are aware of the requirement to comply with the REACH – EU directive, and all top 50 suppliers have undertaken to comply with REACH and to take measures to ensure that their sub-suppliers comply with the guidelines.

During 2017, PWT Group will survey compliance with the REACH-EU directive among its suppliers.

Internal and external processes going forward

In the coming financial year, PWT Group will set up and implement a system to counter corruption in its business processes. Specific guidelines will be prepared for the procurement department, and the guidelines will be extended to the supply chain governing liabilities, policies, implementation and ongoing monitoring. The policies will cover the areas set out below and will be based on the UN Convention against Corruption.

- Documenting, recording and keeping income and expenditure data available for periods determined by law.
- Not permitting corruption of public officials or private-to-private corruption.
- Not permitting payment of bribes or trading in influence in relation to business partners, government officials or employees.
- Not permitting use of facilitation payments, unless you are subject to threats or other coercion.
- Not hiring government employees to do work that conflicts in any manner with the former official obligations of that employee.
- Not permitting political contributions, charitable donations and sponsorships in expectation of undue advantages.
- Not offering or accepting excessive gifts, hospitality, entertainment, customer travel and expenses (e.g. above cumulative value of the equivalent of USD 200 per person/relationship in any twelve-month period, if approved by a senior officer and explicitly recorded in the books of business, naming the recipient or giver).
- Abstaining from nepotism and cronyism.
- Not permitting or participating in money laundering.

Animal welfare

PWT Group strives to ensure that no animals suffer any harm during production.

<u>Internal and external processes</u>

During the year under review, PWT Group drew up a policy within the area, setting out the following:

- No animals are to be skinned or plucked alive.
- PWT Group only accepts leather from animals bred for the food industry.
- Sheep are not to suffer during cutting, and mulesing is not accepted.
- PWT Group does not make use of materials from the CITIS and IUCN list of threatened species.

Relevant suppliers are to comply with these requirements, and a form to be signed by suppliers has been prepared.

In the coming financial year, PWT Group will prepare a follow-up and documentation system ensuring compliance with the animal welfare policies by suppliers.

Anticorruption

PWT Group wishes to combat corruption and bribery and seeks to promote openness and transparency.

PWT Group is especially attentive to the risk of corruption posed by its business activities in high-risk countries such as China, Bangladesh, Pakistan and Turkey. For the purpose of travelling in these areas, Management has laid down and communicated internal guidelines to combat corruption and bribery to all relevant employees. These internal guidelines clearly illustrate that high-value presents are to be reported to Management, that a permitted maximum amount has been defined for presents from PWT Group and that the employees are not to give preferential treatment to any suppliers. During the year under review, only one executive employee reported having received a high-value present during travelling.

In the coming financial year, PWT Group will set up and implement an anti-corruption system based on the UN's Convention against Corruption. An anticorruption policy will be drawn up, and an internal standard procedure will be developed to further strengthen the Group's work on combating corruption. The new policy and procedure are to serve as integral parts of the CSR management system to be developed over the next number of years and to be continuously assessed and optimised.

CLOSING REMARKS

In line with the other players within the Danish textile sector, PWT Group is faced with more extensive documentation and communication requirements in terms of its CSR agenda. PWT Group strives to fulfil these requirements based on the numerous measures already taken combined with a plan for the future.

PWT Group will report to the UNGC and the DIEH annually. Moreover, our CSR work will be communicated in our annual report and on our website. PWT Group acknowledges that the CSR agenda is a longterm process requiring resources and time and always will be open for improvement. PWT Group has added an additional CSR officer to its staff.

Furthermore, additional resources will regularly be allocated to CSR in the form of measures adding the highest value to our CSR agenda. Accordingly, the CSR agenda will be given a high priority in future business development.

CORPORATE GOVERNANCE

PWT Group is primarily owned by Polaris Private Equity, which holds a 65% stake. Other major shareholders include Ole Koch Hansen (CEO and board member) with a stake of 16%. In addition, the rest of the general management, the Board of Directors and former owners hold a stake of 19%. Reference is made to note 31 on related party disclosures and ownership.

Six members serve on the Board of Directors, with Henrik Theilbjørn as the chairman. Board members are nominated and elected by the shareholders. Five board meetings were held during the financial year. Additionally, the chairman of the Board of Directors and the Executive Board meet approx. every second month. Extraordinary meetings are convened if mandated by the circumstances.

The duties of the Board of Directors and the Executive Board are i.a. set out in PWT Group's Articles of Association, the Danish Companies Act, the Danish Financial Statements Act and good practice for enterprises of a similar size. In addition, in its capacity as a private equity company – the Group complies with the guidelines for corporate governance.

The Board of Directors oversees that the Executive Board complies with the strategies and objectives laid down. Each month, the Executive Board reports in writing on the Group's position and on movements in profitability and capital resources.

The Board of Directors and the Executive Board are responsible for the Group's risk management and internal controls for the purpose of financial reporting. Organisational structure and internal guidelines make up the control environment together with laws and other rules applying to the Group. The Executive Board regularly assesses the Group's organisational structure as well as sets out and approves overall policies, procedures and controls relating to the financial reporting process.

PWT Group has developed a formal Group reporting process, comprising monthly reporting, which includes budget follow-up, assessment of performance as well as compliance with strategies adopted and targets laid down.

The Group has set up an audit committee. External auditors participate in board meetings and meetings in the audit committee as required by the circumstances, however, at least once year. The Board of Directors performs the duties set out in section 31.2 of the Danish Act on Approved Auditors and Audit firms.

The General Meeting has not granted any special powers, e.g. to dividend distribution.

Regulation §99b of the Danish Financial Statements Act requires that corporate subsidiaries of a certain size report on diversity. Of the various PWT Group subsidiaries, two are of a size and type that must either comply or explain non-compliance with the requirements of the regulation. These are PWT Holding A/S and PWT Group A/S, and they report individually on diversity."

Women are underrepresented on the Board of Directors in the company as well as the group companies individually required to report on diversity. The Board of Directors has passed a resolution to the effect that the number of women serving on the Board of Directors must account for 20% on or before 1 April 2017. PWT Group strives to find suitable female candidates when recruiting board members.

PWT Group has still not reached its target regarding the underrepresented gender on the Board as no women are represented and since no new Board members were elected in 2016.

The Group's gender diversity policy for the Management Team emphasises diversity in the broadest sense and lays out the principle to always hire the most qualified person, regardless of gender, age, nationality, sexual orientation or religious beliefs.

When an opening presents itself on the Management Team, the following recruitment procedures are applied in order to find suitable candidates:

- Candidates of both genders should be on the shortlist for recruitment

- Headhunters are obliged to present candidates of both genders

In 2016 there was no need for changes to the Management Team in the group and consequently, a more equal gender split on the Management Team has not been achieved.

The management positions of the Board of Directors and the Executive Board are disclosed in note 32.

Find out more about Polaris Private Equity at www.polarisequity.dk.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and adopted the Annual Report of P-WT 2007 A/S for the period 1 October 2015 - 30 September 2016.

The Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Group's and the Parent Company's financial position at 30 September 2016, and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 October 2015 - 30 September 2016.

In our opinion, the Management commentary includes a fair review of the development in the Group's and the Parent Company's operations and financial conditions, results for the year, cash flows and financial position as well as a description of the most significant risks and uncertainty factors that the Company face.

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

Copenhagen, 23 February 2017

Executive Board

Jan Johan Kühl

Board of Directors

Jan Johan Kühl

Allan Bach Pedersen

Henrik Bonnerup

Independent auditors' report

To the shareholders of P-WT 2007 A/S

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

We have audited the consolidated financial statements and the parent company financial statements of P-WT 2007 A/S for the financial year 1 October 2015 – 30 September 2016.

The consolidated financial statements and parent company financial statements comprise statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies for the Group as well as for the Parent Company. The consolidated financial statements and parent company financial statements are prepared in accordance with IFRS as adopted by the EU and further requirements in the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and 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 IFRS as adopted by the EU and further requirements in 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.

Auditor's 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 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 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 consolidated financial statements and parent company financial statements.

Independent auditors' report

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 parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 30 September 2016 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 October 2015 – 30 September 2016 in accordance with IFRS as adopted by the EU and further requirements in the Danish Financial Statements Act.

Statement on the Management's review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the consolidated financial statements and the parent company financial statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 23 February 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33 77 12 31

Søren Korgaard-Mollerup	Conrad Mattrup Lundsgaard
State Authorised	State Authorised
Public Accountant	Public Accountant

Statement of comprehensive income for the period 1 October – 30 September

DKK'000	Note	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
Revenue	3	862,827	858,391	0	0
Cost of sales	4	381,076	383,011	0	0
Other operating income	5	0	378	0	0
Other external costs	6	175,643	185,222	52	78
Gross profit/loss		306,108	290,536	-52	-78
Other operating costs	5	0	17	0	0
Staff costs	7	207,639	206,231	0	0
Profit/loss before depreciation/amortisation and impairment losses (EBITDA)		98,469	84,288	-52	-78
Depreciation/amortisation	8	20,647	14,795	0	0
Operating profit/loss		77,822	69,493	-52	-78
Financial income	9	7,886	4,643	0	0
Financial expenses	10	28,097	42,105	567	607
Share of net profit of associates	19	-3,049	0	0	0
Profit before tax		54,562	32,031	-619	-685
Tax on profit/loss for the year	11	4,646	7,793	-8,252	-565
Profit for the year		49,916	24,238	7,633	-120
Attributable to:					
Owners of the parent		35,295	15,815	7,633	-120
Non-controlling interests		14,621	8,423	0	0
Profit for the year		49,916	24,238	7,633	-120
Other comprehensive income					
Items available for reclassification into statement of comprehensive income items:					
Foreign exchange adjustments regarding translation of foreign entities		-53	-118	0	0
Other comprehensive income before tax		-53	-118	0	0
Tax on other comprehensive income	11	0	0	0	0
Other comprehensive income		-53	-118	0	0
Attributable to:					
Owners of the parent		-35	-77	0	0
Non-controlling interests		-18	-41	0	0
Other comprehensive income		-53	-118	0	0
Comprehensive income for the year		49,863	24,120	7,633	-120
Attributable to:					
Owners of the parent		35,260	15,738	7,633	-120
Non-controlling interests		14,603	8,382	0	0
		49,863	24,120	7,633	-120

Balance sheet at 30 September

DKK'000	Note	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
Assets					
Non-current assets					
Intangible assets					
Software	12	3,749	4,287	0	0
Trademarks	13	3,311	3,795	0	0
Goodwill	14	619,534	619,534	0	0
Other intangible assets	15	1,341	1,490	0	0
Total intangible assets		627,935	629,106	0	0
Property, plant and equipment					
Fixtures and fittings, tools and equipment	16	25,490	19,062	0	0
Leasehold improvements	17	31,978	22,463	0	0
Total property, plant and equipment		57,468	41,525	0	0
Investments					
Investments in group enterprises	18	0	0	274,080	274,080
Investments in associates	19	7,086	3,690	0	0
Deferred tax assets	20	0	1,867	9,174	1,696
Deposits	21	14,743	15,691	0	0
Total investments		21,829	21,248	283,254	275,776
Total non-current assets		707,232	691,879	283,254	275,776
Current assets					
Inventories	22	214,613	195,400	0	0
Receivables					
Trade receivables	23	85,013	84,393	0	0
Amounts owed by associated companies		648	4,049	0	0
Derivative financial instruments	27	1,471	0	0	0
Other receivables		2,228	2,276	0	0
Prepayments		5,924	7,081	0	0
Total receivables		95,284	97,799	0	0
Cash at bank and in hand		10,818	12,478	5	2
Total current assets		320,715	305,677	5	2
Total assets		1,027,947	997,556	283,259	275,778

Balance sheet at 30 September

	Note	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
Equity and liabilities					
Equity					
Share capital	24	37,530	37,530	37,530	37,530
Retained earnings		288,317	253,058	236,469	228,836
Equity attributable to owners of the parent		325,847	290,588	273,999	266,366
Non-controlling interests		172,285	157,681	0	0
Total equity		498,132	448,269	273,999	266,366
Liabilities					
Non-current liabilities					
Provisions	25	6,450	4,754	0	0
Bond loans	26	295,822	294,256	0	0
Amounts owed to group enterprises		8,874	8,332	8,874	8,332
Lease debt		0	171	0	0
Deferred income tax	20	2,586	4,344	0	0
Total non-current liabilities		313,732	311,857	8,874	8,332
Current liabilities					
Provisions	25	150	149	0	0
Bank loans and overdrafts	26	80,507	89,586	0	0
Lease debt		171	175	0	0
Trade payables		78,403	85,913	50	69
Corporation tax		4,330	0	0	0
Derivative financial instruments	27	0	3,600	0	0
Other payables		40,429	45,101	336	1,011
Deferred income	28	12,093	12,906	0	0
Total current liabilities		216,083	237,430	386	1,080
Total liabilities		529,815	549,287	9,260	9,412
Total equity and liabilities		1,027,947	997,556	283,259	275,778

Statement of changes in equity, Consolidated

DKK'000	Share capital	Retained earnings	Foreign currency translation reserve	Total
Equity at 1 October 2014	37,530	231,469	256	269,255
Other regulations	0	5,596	0	5,596
Profit for the year	0	15,814	0	15,814
Other comprehensive income	0	0	-77	-77
Equity at 30 September 2015	37,530	252,879	179	290,588
Equity at 1 October 2015	37,530	252,879	179	290,588
Profit for the year	0	35,295	0	35,295
Other comprehensive income	0	0	-36	-36
Equity at 30 September 2016	37,530	288,174	143	325,847

	Consolidated	
Non-controlling interests	**2015/16**	**2014/15**
Non-controlling interests, 1 October	157,681	150,935
Additions	0	1,361
Share of comprehensive income	14,604	8,382
Other regulations	0	-2,997
Non-controlling interests, 30 September	172,285	157,681
Equity at 30 September 2016	498,132	448,269

Statement of changes in equity, Parent Company

DKK'000	Share capital	Retained earnings	Foreign currency translation reserve	Total
Equity at 1 October 2014	37,530	228,956	0	266,486
Profit for the year	0	-120	0	-120
Equity at 30 September 2015	37,530	228,836	0	266,366
Equity at 1 October 2015	37,530	228,836	0	266,366
Profit for the year	0	7,633	0	7,633
Equity at 30 September 2016	37,530	236,469	0	273,999

Cash flow statement

DKK'000	Note	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
Profit for the year before tax		54,562	32,031	-619	-685
Adjustments for non-cash operating items:					
Depreciation/amortisation and gain/loss on intangible assets and property, plant and equipment		20,647	14,433	0	0
Profit from associate		3,049	0	0	0
Other non-cash operating items, net		-928	217	0	0
Financial income		-7,886	-4,643	0	0
Financial expenses		28,102	42,106	567	606
Cash generated from operations (operating activities) before changes in working capital		97,546	84,144	-52	-79
Change in working capital:					
Change in receivables		3,986	-15,883	0	0
Change in inventories		-19,213	-27,575	0	0
Change in current liabilities in general		-10,488	-778	-694	32
Cash generated from operations (operating activities)		71,831	39,908	-746	-47
Interest income, received		2,815	1,336	0	0
Interest expense, paid		-26,535	-32,445	-567	-606
Corporation tax paid		-80	35	774	0
Cash flows from operating activities		48,031	8,834	-539	-653
Acquisition of property, plant, leasehold and equipment		-31,809	-17,595	0	0
Acquisition of intangible assets		-2,434	-14,878	0	0
Acquisition of investments in financial assets		-6,886	-2,791	0	0
Disposal of property, plant and equipment		0	581	0	0
Cash flows from investing activities		-41,129	-34,683	0	0
Free cash flows		6,902	-25,849	-539	-653
Change in bank loans		-25	-191	0	0
Change in group debt		542	568	542	568
Capital contribution		0	1,361	0	0
Cash flows from financing activities		517	1,738	542	568
Changes in cash and cash equivalents		7,419	-24,111	3	-85
Cash and cash equivalents at 1 October		-77,108	-52,997	2	87
Cash and cash equivalents at 30 September		-69,689	-77,108	5	2

Cash and cash equivalents include bank loans and overdrafts (2015/16: -80.507) recognised as current liabilities less cash at bank and in hand (2015/16: 10.818).

Outline of notes

Notes

Note 1 – Accounting policies

Financial reporting basis

P-WT 2007 A/S is a limited liability company domiciled in Denmark. The financial part of the annual report for the period 1 October 2015 – 30 September 2016 comprise both the consolidated financial statements of P-WT 2007 A/S and its subsidiaries (group) as well as the parent company financial statements.

The consolidated financial statements and parent company financial statements of P-WT 2007 A/S are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements art of annual reports of reporting class C enterprises (large).

The Board of Directors and the Executive Board have discussed and adopted the annual report of P-WT 2007 A/S. The annual report will be presented for adoption by the shareholders of P-WT 2007 A/S at the annual general meeting on 23 February 2017.

Basis of preparation

The consolidated financial statements and the parent company financial statements are presented in Danish kroner (DKK), which is the reporting currency of the Group's activities and the Parent Company's functional currency. The annual report relies on the historical cost principle except for those instances where International Financial Reporting Standards specifically require a different basis of measurement.

The accounting policies, as set out below, have been consistently applied for the full financial year and for the comparative figures.

ACCOUNTING POLICIES

Implementation of new and revised standards and interpretations

P-WT 2007 A/S has implemented all relevant new and revised accounting standards issued by IASB and effective at 1 October 2015. The implementation of the new and revised accounting standards did not have any material monetary effect on the statement of P-WT 2007 A/S' results, assets and liabilities as well as equity for the purpose of the financial reporting for the financial years presented. Reference is made to note 34 for new financial reporting regulation.

Consolidation

Consolidated financial statements

The annual report comprises the Parent Company, P-WT 2007 A/S, and enterprises under the control of the Parent Company. The Parent Company is deemed to exercise control when it directly or indirectly holds the majority of the votes or in some other may exercise or de facto exercises control.

Notes

Note 1 – Accounting policies (continued)

Consolidation principles

The consolidated financial statements are prepared on the basis of the financial statements of P-WT 2007 A/S and its subsidiaries in which similar financial statement items are integrated. On consolidation, intra-group income and expenses, shareholdings, dividends, intra-group balances as well as realised and unrealised internal gains and losses on intra-group transactions are eliminated.

The annual reports used for preparing the consolidated financial statements have been recognised in accordance with the accounting policies of the Group.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Losses applicable to the non-controlling shareholders in excess of the non-controlling shareholders' share of changes in equity are allocated against the interests of the Group except to the extent that the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.

Foreign currency translation

On initial recognition, transactions denominated in currencies different from the individual enterprise's functional currency are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the statement of comprehensive income 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 the date at which the receivable or payable arose is recognised in the statement of comprehensive income as financial income or financial expenses.

Upon recognition in the consolidated financial statements of enterprises with a functional currency different from DKK, the statements of comprehensive income are translated into Danish kroner at average exchange rates for the year, and balance sheet items are translated at the exchange rates at the balance sheet.

Foreign exchange differences arising upon translation of foreign subsidiaries' balance sheet items at the beginning of the year to the exchange rates at the balance sheet date and upon translation of statements of comprehensive income from average exchange rates to the exchange rates at the balance sheet date are recognised as other comprehensive income.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value at the settlement date and subsequently measured at fair value at the balance sheet date. Positive and negative fair values of derivative financial instruments are recognised as a separate balance sheet item.

Changes in fair value of derivative financial instruments designated as or qualifying for recognition as an effective hedge of future transactions are recognised as other comprehensive income. The ineffective part is recognised immediately in the statement of comprehensive income. When the hedged transactions are carried out, the accumulated changes are recognised together with the hedged transactions.

Notes

Note 1 – Accounting policies (continued)

For derivative financial instruments not qualifying for treatment as hedging instruments, changes are regularly recognised in the statement of comprehensive income as financial income and financial expenses.

STATEMENT OF COMPREHENSIVE INCOME

Revenue

Income from the sale of goods for resale and finished goods is recognised in the statement of comprehensive income provided that delivery and transfer of risk to the buyer have taken place before the year end and the income may be reliably measured and is expected to be received. Revenue is measured excluding VAT and duties and less discounts in relation to the sale.

Bonus points collected are recognised in the statement of comprehensive income as a reduction in revenue and under the liability "deferred income". The collected bonus points are measured based on the projected utilisation thereof.

Costs of goods for resale

Together with changes in inventories of goods for resale, this item comprises costs in generating revenue. Changes in inventories of goods for resale are recognised as costs of goods for resale.

Other external costs

Other external costs comprise costs of premises, sales and distribution costs as well as administrative expenses. Supplements to cover marketing costs are recognised as other external costs.

Staff costs

Staff costs comprise payroll, pensions and other social security costs relating to staff.

Other operating income and costs

Other operating income and costs comprise items secondary to the primary activities of the enterprises, including gains on disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised exchange gains and losses on transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme. Financial income and expenses are recognised at the amounts relating to the financial year.

Financial income and expenses also comprises fair value adjustments at derivative instruments.

Notes

Note 1 – Accounting policies (continued)

Corporation tax and deferred tax
The Company is jointly taxed with its Danish subsidiaries. Danish corporation tax is allocated among the jointly taxed Danish companies in proportion to their taxable income. P-WT 2007 A/S, serves as the management company for the jointly taxed entity and thereby handles the payment of tax, etc. to the Danish tax authorities. Tax for the year comprises current tax for the year and changes in deferred tax and is recognised in the profit for the year, as other comprehensive income or directly in equity all depending on the recognition of the underlying element.

BALANCE SHEET
Intangible assets
Goodwill
Goodwill acquired are measured at cost less accumulated impairment losses. Upon recognition of goodwill, the goodwill amount is allocated on the activities of the Group's activities generating independent cash inflows (cash-generating units). The determination of cash-generating units follows the managerial structure and internal financial management and reporting in the Group.

Goodwill is not amortised, but subject to impairment testing at least once a year. The carrying amount of goodwill is written down in the statement of comprehensive income in the cases where the carrying amount exceeds projected future net income from the enterprise/activity generating the goodwill.

Software
Software is measured at cost less accumulated amortisation and impairment losses. The basis of amortisation is cost less projected residual value after the end of the useful life.

Trademarks
Trademarks are measured at cost less accumulated amortisation. The basis of amortisation is cost. The expected useful life is based on the trademarks marked position.

Other intangible assets
Other intangible assets are measured at cost less accumulated amortisation. The basis of amortisation is cost less projected residual value after the end of the useful life.

	Useful life
Software	5 years
Trademarks	5-10 years
Other intangible assets	5-10 years

Notes

Note 1 – Accounting policies (continued)

Property, plant and equipment
Fixtures and fittings, tools and equipment as well as leasehold improvements (shops) are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is cost less projected residual value after the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Financially leased assets are recognised on the balance sheet at the lower of fair value and net present value of discounted lease payments. Financially leased assets are depreciated in accordance with the Company's general accounting policies. The capitalised value of the lease obligation is recognised as a liability on the balance sheet, and the interest element of the lease payment is recognised as an expense in the statement of comprehensive income.

Depreciation is provided on a straight line basis relying on the following assessment of the assets' projected useful lives:

	Useful life
Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-7 years

The basis of depreciation is stated taking into account the scrap value of the asset and is reduced by impairment losses. The period of depreciation and the scrap value are determined at the date of acquisition and re-assessed annually.

Impairment of property, plant and equipment and intangible assets
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 amortisation. If such an indication exists, the recoverable amount of the asset is stated to determine the need for impairment and the scope thereof.

The recoverable amount of goodwill is determined at least once a year irrespective of whether there is any indication of impairment.

If the asset does not generate any cash inflows independently of other assets, the recoverable amount of the smallest cash-generating unit in which the asset is included is determined.

The recoverable amount is the higher of an asset's or the cash-generating unit's fair value less sales costs and its value in use. When the value in use is determined, projected future cash flows are discounted to present value using a discount rate reflecting actual market assessment of the time value of funds and the special risks attributable to the asset and the cash-generating unit and for which no adjustment has been made in projected future cash flows.

Notes

Note 1 – Accounting policies (continued)

If the asset's or the cash-generating unit's recoverable amount is lower than its carrying amount, the carrying amount is written down to the recoverable amount. With regard to cash-generating units, the goodwill amount is initially written down, and subsequently any need for additional impairment is allocated on the residual assets of the unit. However, the individual asset is not written down to a value lower than its fair value less projected sales costs.

Impairment is recognised in results. In case of any subsequent reversal of impairment arising from changes in assumptions of the stated recoverable amount, the asset's or the cash-generating unit's carrying amount is increased to adjusted recoverable amount, however, not exceeding the carrying amount which the asset of the cash-generating unit would have had if no impairment had taken place. Impairment of goodwill is not reversed.

Investments in subsidiaries
Investments in subsidiaries are recognised and measured at cost less any impairment losses in the parent company financial statements.

Impairment testing is conducted annually as set out above when the carrying amount exceeds the book value of net assets in the consolidated financial statements or if there is any other indication of impairment. If the carrying amount exceeds the recoverable amount, write-down is made to this lower amount.

Newly acquired or newly established enterprises are recognised in the financial statements from the date of acquisition.

Upon acquisition of new subsidiaries, the acquisition method is applied, and subsequently the newly acquired enterprises' assets and liabilities are measured at fair value at the date of acquisition. The tax effect of any re-assessments is taken into account.

Positive differences (goodwill) between cost and the fair value of assets and liabilities taken over are recognised as investments in group enterprises in line with the same principles as acquired goodwill described above in the section on intangible assets.

Investments in associates
Investments in associates are recognized and measured in the consolidated financial statements in accordance with the equity method. The investments are measured at the proportionate share of the entities' equity value less or plus the proportionate intercompany gains and losses and plus the carrying amount of goodwill.

Acquisitions of investments in associates are accounted for using the acquisition method.

Notes

Note 1 – Accounting policies (continued)

Deposits
Deposits comprise rent deposits attributable to the Group's leaseholds. Deposits are measured at amortised cost.

Inventories
Inventories are measured at cost on the basis of weighted average prices. In the cases where cost is higher than net realisable value, write-down is made to this lower value. The cost of goods for resale is stated as cost with the addition of delivery costs.

The net realisable value of inventories is calculated as the selling price less 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, which usually corresponds to nominal value. Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired.

Write-downs are calculated as the difference between the carrying amount of receivables and the net present value of forecast cash flows, including the realisable value of any collateral received.

Prepayments
Prepayments are measured at cost.

Current tax and deferred tax
Current tax payable and receivable is recognised on 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.

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 based on the planned use of the asset or settlement of the liability.

Deferred tax is not recognised on temporary differences arising at the date of acquisition without affecting either results or taxable income, e.g. goodwill which is non-deductible for tax purposes.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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.

Deferred tax assets are re-assessed annually and only recognised to the extent that their utilisation is probable.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the statement of comprehensive income.

Notes

Note 1 – Accounting policies (continued)

Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation.

Provisions comprise forecast costs arising from leasehold improvements upon relocation and are based on projected costs determined on the basis of the leasehold's current interior and condition. The liabilities are discounted back to net present value.

Financial liabilities

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 statement of comprehensive income over the term of the loan.

Derivative financial instruments are measured at fair value, corresponding to market price at balance sheet date.

Other liabilities, which usually comprise trade payables, amounts owed to group enterprises and other payables, are measured at amortised cost, which usually corresponds to nominal value. The capitalised residual lease obligation on finance leases is also recognised as financial liabilities.

Leases

Leases are broken down on finance and operating leases for accounting purposes. Finance leases transfer substantially all risks and rewards incident to ownership to the Company. All other leases are classified as operating leases.

Payments relating to operating leases and other leases are recognised in the statement of comprehensive income over the term of the lease.

The recognition of finance leases is described under "Property, plant and equipment", "Impairment of property, plant and equipment and intangible assets" and "Financial liabilities".

Staff obligations

Staff obligations comprise the employees' rights to paid holidays after the balance sheet date and the payment of anniversary bonuses.

The Group has only entered into pension arrangements for defined-contribution pension plans under which regular pension contributions are paid to independent pension providers as the contributions are earned. The Group has not taken out any defined-benefit pension plans.

Staff obligations are recognised as other payables on the balance sheet.

Notes

Note 1 – Accounting policies (continued)

Share option schemes

The value of services received as consideration for options granted is measured at the fair value of the options.

For equity-settled share options, fair value is measured at the date of granting and recognised as staff costs in the statement of comprehensive income during the period when the final right to the options is vested. The counter-item is recognised directly in equity as a transaction among owners.

For the calculation of the fair value of options granted, the terms and conditions relating to the share options granted are taken into account.

Deferred income

Deferred income comprises payments received regarding income in subsequent years, including gift tokens, liabilities regarding customer clubs, etc. Gift tokens payable are recognised at nominal value.

Cash flow statement

The cash flow statement shows the Company'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 Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated in accordance with the indirect method as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

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

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

Cash and cash equivalents comprise cash at bank and in hand and business credits.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

Notes

Note 1 – Accounting policies (continued)

Definition of financial ratios:

EBITDA	Earnings before restructuring costs, depreciation, amortisation, interest and tax
Gross margin	Gross profit/loss x 100 / revenue
Operating margin (EBIT margin)	Operating profit/loss x 100 / revenue
Return on invested capital	Operating profit/loss x 100 / Average operating assets
Solvency ratio	Closing equity x 100 / Total equity and liabilities at year end
Return on equity	Profit/loss after tax x 100 / Average equity

Notes

Note 2 – Significant accounting estimates and judgements

When financial statement items are recognised and measured, some judgements and estimates will, in certain cases, be required to define assumptions of future events. These estimates and assumptions are based on past experience and other relevant factors deemed reasonable by Management in the given circumstances, but by nature are uncertain or unpredictable. Accordingly, actual outcome may be different from these estimates.

Estimates and judgements as well as their underlying assumptions are regularly re-assessed. Changes to the accounting estimates are recognised in the financial reporting period when the changes are made, and in future financial reporting periods if the changes affect these periods.

Estimates import to the financial reporting process are, for instance, required for the impairment of goodwill, valuation of inventories and projected income from gift tokens.

Impairment testing of goodwill
Any need for impairment of goodwill requires values in use to be determined for the cash-generating units on which the goodwill amounts are allocated. The statement of value in use relies on an estimate of projected future cash inflows in the individual cash-generating unit and the determination of a discount rate. These estimates are subject to a certain degree of uncertainty, and any changes may materially affect the annual report.

Reference is made to note 14 for a description of assumptions applied, discount rates, etc. used for defining the value in use of the defined cash-generating units.

Inventories
Any write-down for obsolescence on inventories is specifically assessed based on future marketability. Provision for obsolescence per 30 September 2016 reached DKK 2,345 thousand as against DKK 1,922 thousand per 30 September 2015. Reference is made to note 22.

Notes

DKK'000	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
Note 3 – Revenue				
Geographical markets				
Home market	692,430	703,189	0	0
Foreign markets	170,397	155,202	0	0
	862,827	858,391	0	0
Note 4 – Cost of sales				
Costs of goods for resale	381,076	383,011	0	0
Write-down of inventories	2,345	1,922	0	0
Note 5 – Other operating income and costs				
Other operating income				
Gain on the disposal of property, plant and equipment	0	379	0	0
	0	379	0	0
Other operating costs				
Loss on the disposal of property, plant and equipment	0	17	0	0
	0	17	0	0

Notes

DKK'000	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
Note 6 – Other external costs				
Fees for auditors appointed at the general meeting				
Statutory audit services	551	540	25	25
Other assurance engagements	39	36	0	0
Tax advisory services	191	115	13	13
Other services	294	324	12	40
Total fee	1,075	1,015	50	78
Distributed as follows:				
PWC	893	892	110	137
Other firms	182	123	0	0
	1,075	1,015	110	137
Note 7 – Staff costs				
Payroll	188,377	188,020	0	0
Pensions	11,847	11,642	0	0
Other social security costs	7,415	6,569	0	0
	207,639	206,231	0	0
Thereof:				
Payroll Executive Board	2,900	2,955	0	0
Pensions Executive Board	95	105	0	0
Payroll Board of Directors	550	550	0	0
	3,545	3,610	0	0
Average number of full-time employees	535	546	0	0

3 men and 0 women serve on the Board of Directors.

Notes

Note 7 – Staff costs (continued)

Share-based remuneration
In 2010, PWT Group set up a share option scheme for its Executive Board, Board of Directors and executive employees. The share option scheme comprised 4,010,104 share options at 30 September 2016. Each share option vests its option holder with a right to buy one share with a face value of DKK 1 in the subsidiary PWT Holding A/S. The outstanding options account for 3.8% of the share capital in PWT Holding A/S if all share options are exercised. The share option scheme is in force until December 2019.

The options entitle the holder to subscribe for shares in PWT Holding A/S at a subscription price of 6.88 with the addition of 10% p.a. calculated from 8 January 2010. The estimated cost relating to sharebased payment is 0 DKK (2014/15: 0 DKK).

The options may be exercised

- upon sale or listing of the Company, PWT Holding A/S, PWT-2007 A/S or PWT Group A/S
- upon merger, with the Company as a continuing company
- upon liquidation or demerger of the Company
- upon expiry in December 2019.

Specification of outstanding share options:

Number	Board of Directors of PWT Holding A/S	Other	Total
Outstanding at the beginning of 2014/2015	**393,804**	**3,616,300**	**4,010,104**
Additions/disposals	0	0	0
Outstanding at the end of 2014/2015	**393,804**	**3,616,300**	**4,010,104**
Additions/disposals	0	0	0
Outstanding at the end of 2015/2016	**393,804**	**3,616,300**	**4,010,104**

	Consolidated	
DKK'000	**2015/16**	**2014/15**
Note 8 – Depreciation/amortisation		
Amortisation, software	2,766	2,941
Amortisation, trademarks	691	625
Amortisation, other intangible assets	149	0
Depreciation, fixtures and fittings, tools and equipment	7,986	6,971
Depreciation, leasehold improvements	9,055	4,258
	20,647	14,795

Notes

DKK'000	Consolidated 2015/16	Consolidated 2014/15	Parent Company 2015/16	Parent Company 2014/15
Note 9 – Financial income				
Interest income, banks	51	1,029	0	0
Adjustment of fair value of financial instruments	5,071	3,289	0	0
Foreign exchange adjustment	1,670	0	0	0
Other financial income	1,094	325	0	0
	7,886	4,643	0	0
Note 10 – Financial expenses				
Interest expense, banks	5,328	7,087	0	0
Interest expense, bond loans	19,717	19,752	0	0
Interest expense, group enterprises	542	586	542	569
Adjustment of fair value, financial instruments	0	8,074	0	0
Foreign exchange adjustment	29	4,535	0	0
Other financial expenses	2,481	2,071	25	38
	28,097	42,105	567	607
Note 11 Tax				
Tax for the year is distributed as follows:				
Tax on profit/loss for the year	4,646	7,793	-8,252	-565
Tax on other comprehensive income	0	0	0	0
	4,646	7,793	-8,252	-565
Tax on profit/loss for the year is specified as follows:				
Current tax	3,556	0	-727	0
Deferred tax	8,705	7,738	391	-620
Adjustment of tax in respect of previous years	-7,615	55	-7,916	55
	4,646	7,793	-8,252	-565
Tax on profit/loss for the year from continuing operations is specified as follows:				
Estimated 22%/23.5% tax on results	11,992	7,527	-136	-160
Adjustment of tax in foreign entities in proportion to 22%/23.5%	-355	-53	0	0
Tax effect of:				
Items irrelevant for tax purposes	624	264	-200	-460
Adjustment of tax in respect of prior years	-7,615	55	-7,916	55
	4,646	7,793	-8,252	-565
Effective tax rate	8.5%	24.3%	Neg.	82.4%

Notes

DKK'000	Consolidated 2015/16	2014/15
Note 12 Software		
Opening cost	21,068	19,449
Additions for the year	2,228	1,619
Disposals for the year	0	0
Closing cost	23,296	21,068
Opening amortisation	16,781	13,840
Amortisation for the year	2,766	2,941
Reversed amortisation for the year of disposals	0	0
Closing amortisation	19,547	16,781
Carrying amount	3,749	4,287

DKK'000	2015/16	2014/15
Note 13 Trademarks		
Opening cost	7,159	6,760
Additions for the year	207	399
Disposals for the year	0	0
Closing cost	7,366	7,159
Opening amortisation	3,364	2,739
Amortisation for the year	691	625
Reversed amortisation for the year of disposals	0	0
Closing amortisation	4,055	3,364
Closing carrying amount	3,311	3,795

Notes

DKK'000	Consolidated 2015/16	2014/15
Note 14 Goodwill		
Opening cost	702,534	689,699
Additions for the year	0	12,835
Disposals for the year	0	0
Closing cost	702,534	702,534
Opening impairment losses	83,000	83,000
Impairment losses for the year	0	0
Closing impairment losses	83,000	83,000
Carrying amount at	619,534	619,534

Impairment testing
At 30 September 2016, Management carried out a review for impairment of the carrying amount of goodwill based on the effected allocation of cost of goodwill on the cash-generating units:

DKK'000	Consolidated 2015/16	2014/15
Lindbergh	178,040	178,040
Shine Orginal	73,820	73,820
Bison	96,774	96,774
Other brands	270,900	270,900
Total	619,534	619,534

The allocation of goodwill follows the groups reporting of segments. The recoverable amount is based on the value in use, which is determined using projected net cash flows on the basis of budgets and estimates for the years 2016/17 – 2020/21 approved by Management and at a discount rate of 7,0% after tax (2014/15: 7,8%), corresponding to a discount rate before tax of 7,9% (2014/15: 8,9%). The budget period applied is determined taking into account the company's activities, historic performance, long-term strategy as well as forecast market development. A change in this assumption to five years will not give rise to any goodwill impairment.

The most material assumptions for the purpose of impairment testing arise from PWT Group's expected ability to boost earnings, and the growth rates applied rely on Management's forecast based on initiatives taken to boost earnings.

The group expects to enjoy continuous growth on the export markets. As the basis for impairment testing, the business has budgeted for an average revenue increase of 4,2% for each segment during the budget period (2016/2017 – 2020/2021) and 1,5% during the terminal period. On this basis, the net present value of future cash flows was not less than DKK 88 million up on carrying amount for each segment.

Based on a sensitivity analysis where annual growth is recognised at zero, the net present value of future cash flows will still remain higher than the carrying amount. Management consider that probable changes in basic assumptions will not have the outcome that the carrying amount of goodwill at 30 September 2016 will exceed recoverable amount.

Notes

DKK'000	Consolidated 2015/16	Consolidated 2014/15
Note 15 – Other intangible assets		
Opening cost	1,490	0
Additions for the year	0	1,490
Disposals for the year	0	0
Closing cost	1,490	1,490
Opening amortisation	0	0
Amortisation for the year	149	0
Closing amortisation losses	149	0
Carrying amount at	1,341	1,490
Note 16 – Fixtures and fittings, tools and equipment		
Opening cost	58,504	47,820
Currency translation	401	-171
Additions for the year	14,173	11,700
Disposals for the year	188	845
Closing cost	72,890	58,504
Opening depreciation	39,442	33,187
Currency translation	105	-71
Depreciation for the year	7,986	6,953
Reversed depreciation for year on disposals	133	626
Closing depreciation	47,400	39,443
Closing carrying amount	25,490	19,061
Thereof, assets held under finance leases	112	304

Notes

DKK'000	Consolidated 2015/16	2014/15
Note 17 – Leasehold improvements		
Opening cost	61,855	45,996
Corrections	0	3,439
Currency translation	711	-798
Additions for the year	18,162	14,270
Disposals for the year	1,943	1,052
Closing cost	78,785	61,855
Opening depreciation	39,392	36,982
Currency translation	303	-862
Depreciation for the year	9,055	4,224
Reversed depreciation for the year of disposals	1,943	952
Closing depreciation	46,807	39,392
Closing carrying amount	31,978	22,463

DKK'000	Partent company 2015/16	2014/15
Note 18 – Investments in group enterprises		
Cost at 1 October	274,080	274,080
Additions	0	0
Cost at 30 September	274,080	274,080
Carrying amount at 30 September	274,080	274,080

	Share capital	Voting rights and stake
PWT Holding A/S, Aalborg	101,984	65.42%

Notes

DKK'000	Consolidated 2015/16	Consolidated 2014/15
Note 19 – Investments in associates		
Cost at 1 October	3,690	0
Additions	6,445	3,690
Cost at 30 September	10,135	3,690
Value adjustments 1 October	0	0
Net profit/loss for the year	-3,049	0
Value adjustments 30 September	-3,049	0
Carrying amount at 30 September	7,086	3,690

The group holds 60% of the shares in Wagner China ApS, Denmark. Because of the shareholder agreement in Wagner China ApS the investment is treated as an investment in associates.

Comprehensive income 2015/16	Turnover	Profit before tax	Profit for the year	Other comprehensive income	Comprehensive income for the year	Groups share of point
Wagner China ApS (Aalborg, 60% ownership)	0,000	-0,081	-0,058	0,000	-0,058	-0,035

Balance sheet 2015/16	Noncurrent assets	Current assets	Noncurrent liabilities	Current liabilities	Equity	Groups share of equity
Wagner China ApS (Aalborg, 60% ownership)	16,446	0,053	0,000	0,020	16,426	9,856

DKK'000	Consolidated 2015/16	Consolidated 2014/15	Parent company 2015/16	Parent company 2014/15
Note 20 – Deferred income tax				
Deferred tax arises from:				
Intangible assets	46,565	45,631	0	0
Property, plant and equipment	553	-513	0	0
Current assets	-729	-627	0	0
Provisions	-1,331	-991	0	0
Other liabilities	-394	-597	0	0
Tax loss carryforwards	-42,078	-40,426	-9,174	-1,696
	2,586	2,477	-9,174	-1,696

All deferred tax assets and tax liabilities are recognised on the balance sheet.

Notes

DKK'000	Consolidated 2015/16	2014/15
Note 21 – Deposits		
Carrying amount at 1 October	15,691	16,472
Value adjustment for the year	0	-35
Additions	460	2,192
Disposals	-1,408	-2,938
Carrying amount at 30 September	14,743	15,691
Note 22 – Inventories		
Goods for resale	216,958	197,322
Provisions for obsolescence	2,345	1,922
Goods for resale, net	214,613	195,400
Specification of provisions for obsolescence:		
Provision at 1 October	1,922	1,468
Adjustment for the year of provision for obsolescence	423	454
Provision at 30 September	2,345	1,922
Note 23 – Trade receivables		
Trade receivables	86,815	85,888
Provisions for bad debts	1,802	1,495
Trade receivables, net	85,013	84,393
Specification of provisions for bad debts:		
Provision at 1 October	1,495	1,280
Loss for the year	-393	-1,225
Provisions reversed for the year	-56	-685
Provisions for the year	756	2,125
Provisions at 30 September	1,802	1,495
Overdue, receivables not written down fall due as follows:		
Due within 30 days	3,051	5,884
Due within 30 and 90 days	1,978	1,229
Due more than 90 days	1,725	695
	6,754	7,808

Notes

Note 24 – Share capital

DKK'000	Share capital
Share capital upon establishment 2007/08	30,930
Addition 2009/10	6,600
Closing share capital	37,530

	Number	Nominal value
Share capital is distributed as follows:		
A-shares	35,653,500	35,654
B-shares	1,501,200	1,501
C-shares	375,300	375
	37,530,000	37,530

Capital management

The Group regularly assesses the need for adjusting its capital structure to weigh the required higher return on equity up against the increased uncertainty surrounding loan capital. Shareholders equity's share of total assets (solvency ratio) reached 31.7 % at the end of 2015/16 (2014/2015: 29.1 %). Capital management is conducted for the group as a whole excl. minorities.

	Consolidated	
DKK'000	2015/16	2014/15
Note 25 – Provisions		
The Group's total reestablishment obligation broken down on residual terms:		
Within 1 year	150	149
Between 1 and 5 years	41	49
After 5 years	6,409	4,705
	6,600	4,903
Reestablishment obligation at 1 October	4,903	3,438
Additions during the year	352	359
Reversals during the year	-124	-154
Effect of change in interest rates	1,469	1,260
Reestablishment obligation at 30 September	6,600	4,903

Obligation to re-establish leaseholds relates to projected future costs attributable to relocation of leaseholds and is based on projected costs relying on the current interior and condition of the leaseholds.

The obligation is discounted back to net present value using a discount rate of 1.03% (2014/15: 1.93%), equivalent to a risk-free interest rate.

Notes

DKK'000	Consolidated 2015/16	2014/15
Note 26 – Bank loans and bond loans		
Bond loans	295,822	294,256
Bank overdrafts	80,507	89,586
Bank loans and bond loans	376,329	383,842
The loans are recognised as follows on the balance sheet:		
Non-current liabilities	295,822	294,256
Current liabilities	80,507	89,586
Carrying amount	376,329	383,842
Fair value	378,257	383,842
Undrawn credit facilities at 30 September	35,306	22,220

Bond loans fall due in 2019. The fair value of financial liabilities is stated as net present value of future repayments and interest payments (2-level observable inputs in the fair value hierarchy). The Group's current borrowing rate for similar maturities is used as the discount rate.

The bonds have no fixed repayment schedule or are subject to specific covenants. Upon a change of control event occurring, bondholder have the right to request the bonds repurchased at a price per bond equal to 101 per cent of the nominal amount.

	Currency	Fixed-interest period	Interest margin to CIBOR	Carrying amount
Floating-rate bond loans	DKK	3 mos.	6.50%	295,822

Note 27 – Derivative financial instruments

The Group has entered into forward contracts of a total of DKK 108,253 thousand for USD purchases of a value during the period until March 2017 for the purpose of hedging future purchases in USD. Forward contracts are not qualifying for treatment as hedging instruments, and changes are regularly recognised in the statement of comprehensive income as financial income and financial expenses.

The Parent Company has taken out an interest swap hedging future interest payments. Fair value adjustments are recognised in the statement of comprehensive income until expiry date in June 2016.

Notes

Note 27 – Derivative financial instruments (continued)

Cover of interest and currency risks:

2015/16:

DKK'000	Residual life	Contract value	Fair value	Fair value adjustment recognised in the statement of comprehensive income
Interest swap	Expired	0	0	3,058
Forward contract, USD	0-6 months	108,253	1,471	2,013
Recognised in the statement of comprehensive income before tax at a total of			1,471	5,071

2014/15:

DKK'000	Residual life	Contract value	Fair value	Fair value adjustment recognised in the statement of comprehensive income
Interest swap	Expiry 2016	160,000	-3,058	3,289
Forward contract, USD	0-6 months	131,720	-542	-8,075
Recognised in the statement of comprehensive income before tax at a total of			-3,600	-4,786

Derivative financial instruments are valued in accordance with generally accepted valuation methods based on relevant observable swap and currency curves. All above-mentioned financial instruments are recognised as 2-level observable inputs in the fair value hierarchy.

Note 28 – Deferred income

Deferred income comprises obligations in relation to gift tokens, estimate is based on several years of historical information.

Note 29 – Charges and collateral

Consolidated

As collateral for bank loans, the Group has provided a floating charge of a nominal amount of DKK 100 million secured upon non-current assets and current assets with a book value at 30 September 2016 of DKK 908 million (30 September 2015: DKK 895 million).

At 30 September 2016, the Group has entered into documentary credits of a total of DKK 4,748 thousand regarding non-settled purchase of goods abroad (30 September 2015: DKK 10,052 thousand).

The Group is obligated to invest 735 tUSD in one of the groups associated companies Wagner (Yantai) Co. Ltd. in 2016/2017.

The shares in the subsidiary, PWT Group A/S, and the amount owed by PWT Group A/S of DKK 291 million have been provided as collateral for bond debt.

Note 30 – Contingent items, etc.

The Group's Danish enterprises are jointly and severally liable for the jointly taxed enterprises' tax liabilities.

In the ordinary course of its business, the Group is subject to various litigation such as product liability claims, employee disputes, rental disputes and other kinds of lawsuits, and faces different types of legal issues. Any claim brought against the Group (with or without merit), could be costly to defend. These matters are inherently difficult to quantify. Management is of the opinion that the result of these disputes will not have a significant effect on the Group's financial position.

The Group has taken out operating leases for property and operating equipment. The lease period ranges typically between 3 to 10 years. The leaseholds in Denmark may be renewed upon expiry, whereas the Norwegian leaseholds are to be renegotiated. A number of lease contracts contain revenue-related rent.

	Consolidated	
DKK'000	**2015/16**	**2014/15**
Rent obligations		
The Group's total rent obligations broken down on residual terms:		
Within 1 year	66,173	61,185
Between 1 to 5 years	84,966	55,693
After 5 years	4,602	999
	155,741	117,877
Other operating lease obligations		
The Group's total rent obligations broken down on residual terms:		
Within 1 year	3,310	2,821
Between 1 year to 5 years	8,703	3,349
	12,013	6,170
Operating leases expensed	81,230	72,052
Revenue based lease	3,689	2,335

Notes

Note 31 – Related party disclosures and ownership

Control	Basis
Polaris Private Equity II K/S, Copenhagen	Owner, 99%

Significant influence
The CEO and board member of PWT Holding A/S, Ole Koch Hansen, exercises control over OKH Holding A/S, which is deemed to exert significant influence over the consolidated accounts of P-WT 2007 A/S.

P-WT 2007 A/S has the following shareholders with a registered share of the total sharecapital of 5 % or more:

Polaris Private Equity II K/S
c/o Gorrissen Federspiel
H.C. Andersens Boulevard 12
1553 København K

Executive staff members
The P-WT 2007 A/S Group's related parties with significant influence comprise the Group's Board of Directors and executive management of the parent company and these persons' close family members. Related parties moreover comprise enterprises in which this group of persons have significant interest.

Transactions with related parties
Transactions with related parties took place on an arm's length basis.

Amounts owed by group enterprises are disclosed on the balance sheet of the parent company financial statements, and interest thereon is disclosed in note 9, Financial income and note 10, Financial expenses. Executives and directors remuneration are disclosed in note 7, Staff costs

In addition, during the financial year, the Group engaged in the following transactions with enterprises exerting significant influence:

	Consolidated	
DKK'000	**2015/16**	**2014/15**
Rent, etc.	4,680	4,892
Rent obligations regarding related parties	11,113	15,995

Notes

Note 32 – Management positions of the Board of Directors and the Executive Board

Henrik Bonnerup
Chairman and member of the board of directors since 2007
Partner:
Polaris Management
Executive Board:
CEKA Holding A/S
and a number of companies owned by Polaris Private Equity
Member of the Board of Directors of:
A number of companies owned by Polaris Private Equity

Jan Johan Kühl
Member of the board of directors since 2007
Managing partner:
Polaris Management
Executive Board:
Business Synergy Group ApS
Member of the Board of Directors of:
Part Unique ApS
Inter Primo A/S
and a number of companies owned by Polaris Private Equity

Allan Bach Pedersen
Member of the board of directors since 2007
Partner:
Polaris Management
Executive Board:
Østpeder Holding ApS
and a number of companies owned by Polaris Private Equity
Member of the Board of Directors of:
A number of companies owned by Polaris Private Equity

Note 33 – Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Note 34 – New financial reporting regulations

The following amended financial reporting standards and interpretations which may be of relevance to the P-WT 2007 A/S Group have been adopted by the IASB and adopted by the EU. The standards have future effective dates and will therefore be implemented in the Annual Reports as they become effective. The implementation of the standards is not expected to have material impact on the consolidated financial statements.

- IFRS 9 changes the classification and measurement of financial assets and liabilities (replacement of IAS 39). In P-WT 2007 A/S' opinion, the standard will not have any major impact on the Group. The standard is expected to become mandatory for adoption as from the 2018/2019 financial year.

- IFRS 15 "Revenue from Contracts with Customers" provides detailed framework definitions of revenue recognition. The implementation of IFRS 15 is not expected to have material impact on the consolidated financial statements. The standard become mandatory for adoption as from the 2018/2019 financial year.

In addition to the above, the IASB has issued IFRS 16 "Leases". The standard has not yet been adopted by the EU and will be effective for financial years beginning on or after 1 January 2019. IFRS 16 "Leases" changes the rules on accounting treatment of operating leases by lessees. Going forward, operating leases are therefore to be recognised as an asset and a corresponding lease liability in the balance sheet. P-WT 2007 A/S Group expects to implement the standard when it become effective. P-WT 2007 A/S is in the process of assessing the effect of the standard. The implementation of IFRS 16 "Leases" cannot be determined at this time.

Notes

Note 35 – Financial risks and financial instruments – Parent Company and Group

Risk management in general

As a result of its operating, investing and financing activities, PWT Group is exposed to financial risks, including market risks (currency risks and interest risks), credit risks and liquidity risks. Only the most important risks are accounted for in the note.

The Group manages its financial risks centrally as well as coordinates liquidity management and funding. Corporate policy is not to engage in any speculation in financial risks. The overall framework for management of currency risks is laid down in the policy on currency risks adopted by the Board of Directors.

The Group has taken out hedging of its currency and interest risks. The Group however does not use hedgeaccounting, thus the effect is recognized in comprehensive income.

Currency risks

Sales of the Group are primarily settled in Danish kroner, Norwegian kroner and euro. The Group has sales companies in Germany and Norway and shops in Norway and thereby incurs costs in the same currency. Currency risks from income-generating activities are thereby limited, as the vast part thereof is invoiced in the Scandinavian currencies or euro. The Group has chosen not to hedge net income.

Purchases by the wholesale business are primarily settled in USD, and, accordingly, the Group is heavily exposed to currency movements in USD. Hedging is taken out for all purchases in USD in accordance with the group policy on currency risks, and therefore the risk at the balance sheet date is not deemed material to the Group.

Consolidated currency positions at 30 September 2016 set out in Danish kroner:

DKK'000	**USD**	**NOK**	**SEK**	**EUR**
Receivables	1,495	4,473	6,565	18,576
Cash	0	1,639	1,479	145
Trade payables	0	6,302	6	1,718
Bank loans	1,920	0	0	0
Forward contracts	110,157	0	0	0
	109,732	-190	8,038	17,003
Impact on results before tax based on a -10% change in exchange rate	-10,973	19	-804	-170
Impact on equity and results after tax based on a -10% change in exchange rate	-8,559	15	-627	-133

Notes

Note 35 – Financial risks and financial instruments – Parent Company and Group (continued)

Consolidated currency positions at 30 September 2015 set out in Danish kroner:

DKK'000	**USD**	**NOK**	**SEK**	**EUR**
Receivables	7,283	4,569	5,054	15,313
Cash	0	4,170	883	354
Trade payables	0	8,122	32	341
Bank loans	24,034	0	0	0
Forward contracts	131,178	0	0	0
	114,427	617	5,905	15,326
Impact on results before tax based on a -10% change in exchange rate	-11,442	-62	-590	-1,533
Impact on equity and results after tax based on a -10% change in exchange rate	-8,925	-48	-460	-1,196

The currency risk on USD mainly relate to the Group's forward exchange transactions. A decrease of 10% as mentioned above, would have an opposite effect on signed purchase orders.

Interest risks
As a result of its investing and financing activities, the Group is exposed to fluctuations in the level of interest rates in Denmark.

Group policy is to hedge interest risk on loans to the extent that that the interest payments may be hedged at a satisfactory level. Hedging is effected by means of interest swaps from floating-rate loans to fixed-interest loans until July 2016. The expired interest swap was not qualifying for treatment as hedging instrument.

For the purpose of the Group's floating-rate cash and liabilities, an increase of 1% in interest rate level on the actual interest rates at the balance sheet date would hypothetically have a negative impact on consolidated results and equity at year end of DKK 3.1 million (DKK 2.2 million) and the Parent Company's results and equity of DKK 2.3 million (DKK 1.3 million). A similar reduction in interest rate level would have a corresponding positive effect.

The stated sensitivities have been based on recognised financial assets and liabilities at the end of the financial year. Repayment, raising of loans, etc. during the financial year have not been taken into account. The changes applied are considered fairly likely in the present market situation and based on projected movement in interest levels.

Credit risks
As a result of its operations, the Group is exposed to credit risks primarily arising from receivables from customers. The maximum credit risk is equivalent to the carrying amount of these items.

Notes

Note 35 – Financial risks and financial instruments – Parent Company and Group (continued)

The Group regularly assesses the need for write-down for bad debts and follows up on receivables, and if required write-down is made in accordance with Group's policy for write-down. The Group is not exposed to any material risks posed by an individual customer.

Cash in banks are not deemed to pose any special credit risks.

Liquidity risks
The Group strives to have a sufficient liquidity reserve comprising cash and undrawn credit facilities to be able to take proper action in case of unforeseen fluctuations in liquidity. Capital resources are regularly assessed and managed by the Finance Department. Based on the Group's capital resources and projected future cash flows, Management is of the opinion that sufficient capital resources are available.

The Group mainly finances its activities over the open bank business credits and undrawn drawing rights. Due to the seasonal fluctuations, etc., in its activities, the Group's liquidity requirements vary during the financial year. The seasonal variations are taken into account in the form of the availability of a sufficient number of overdraft facilities, etc.

Consolidated bond debt arising from the purchase of activities in 2008 fall due in 2019. On a regular basis, the Management assesses the market for new financing options when the bond expires in 2019, these studies has been very positive and with great potential.

Net interest-bearing debt of the Group and the Parent Company is specified as follows:

	Consolidated		Parent Company	
DKK'000	**2015/16**	**2014/15**	**2015/16**	**2014/15**
Specification of net interest-bearing debt				
Cash at bank and in hand	-10,818	-12,478	-5	-2
Bond loans	295,822	294,256	0	0
Lease debt	171	346	0	0
Amount owed to group enterprises	8,874	8,332	8,874	8,332
Bank loans, current liabilities	80,507	89,586	0	0
Net interest-bearing debt	374,556	380,042	8,869	8,330

The Group's financial liabilities fall due for payment as specified below with the amounts reflecting the non-discounted nominal amount falling due for payment in accordance with agreements concluded, including future interest payments calculated on the basis of the present market situation and concluded interest swaps. Bond debt with expiry on 26 May 2019 represent the vast part of the Group's liabilities.

The repayment schedule is based on non-discounted contracting cash flows including estimated interest payments. The interest payments are estimated based on the current market situation.

Notes

Note 35 – Financial risks and financial instruments – Parent Company and Group (continued)

DKK'000	0-1 year	1-5 years	> 5 years	Total	Carrying amount
2015/16, Consolidated					
Deposits	293	0	14,450	14,743	14,743
Trade receivables	85,013	0	0	85,013	85,013
Derivative financial instruments	1,471	0	0	1,471	1,471
Other receivables	2,228	0	0	2,228	2,228
Loans and receivables	89,005	0	14,450	103,455	103,455
Bond loan	19,500	326,471	0	345,971	295,822
Lease debt	175	0	0	175	171
Amount owed to group enterprises	8,874	0	0	8,874	8,874
Overdraft facilities	80,507	0	0	80,507	80,507
Trade payables	78,403	0	0	78,403	78,403
Other payables	40,427	0	0	40,427	40,427
Financial liabilities are measured at amortised cost	227,886	326,471	0	554,357	504,204
2014/15, Consolidated					
Deposits	948	293	14,450	15,691	15,691
Trade receivables	84,393	0	0	84,393	84,393
Derivative financial instruments	0	0	0	0	0
Other receivables	2,276	0	0	2,276	2,276
Loans and receivables	87,617	293	14,450	102,360	102,360
Derivative financial instruments	3,600	0	0	3,600	3,600
Financial liabilities at fair value over the statement of comprehensive income	3,600	0	0	3,600	3,600
Bond loan	19,500	346,024	0	365,524	294,256
Lease debt	192	180	0	372	346
Amount owed to group enterprises	8,332	0	0	8,332	8,332
Overdraft facilities	89,586	0	0	89,586	89,586
Trade payables	85,913	0	0	85,913	85,913
Other payables	45,101	0	0	45,101	45,101
Financial liabilities are measured at amortised cost	248,624	346,204	0	594,828	523,534

Notes

Note 35 – Financial risks and financial instruments – Parent Company and Group (continued)

DKK'000	0-1 year	1-5 years	> 5 years	Total	Carrying-amount
2015/16, Parent Company					
Amounts owed by group enterprises	8,874	0	0	8,874	8,874
Trade payables	50	0	0	50	50
Other payables	336	0	0	336	336
Financial liabilities measure at amortised cost	9,260	0	0	9,260	9,260
2014/15, Parent Company					
Amounts owed by group enterprises	8,332	0	0	8,332	8,332
Trade payables	69	0	0	69	69
Other payables	1,011	0	0	1,011	1,011
Financial liabilities measured at amortised cost	9,412	0	0	9,412	9,412

On the basis of the Parent Company's and the Group's forecast future operations and the Group's current liquidity, no material liquidity risks have been identified. Please also refer to the description of liquidity risks above.

Company details

Company	P-WT 2007 A/S c/o Polaris Management A/S Malmøgade 3 2100 København Ø Denmark	
	CVR No.:	31 07 45 41
	Established:	29 November 2007
	Registered office:	Copenhagen
	Financial year:	1 October 2015 30 September 2016 (9th financial year)
	Websites:	www.pwt-group.com www.pwtbrands.com www.lindbergh.dk www.Shineoriginal.com www.bison.dk www.junkdeluxe.dk www.wagner.dk www.tøjeksperten.dk
Board of Directors	Jan Johan Kühl Allan Bach Pedersen Henrik Bonnerup	
Executive Board	Jan Johan Kühl	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup Denmark	