BERING
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BERING Time ApS

Skrænten 34, 6200 Aabenraa

CVR no. 32 44 57 64

Annual report 2016

Approved at the annual general meeting of shareholders on 8 May 2017

Chairman:

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Lars Gram Skjønnemann

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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of BERING Time ApS for the financial year 1 January - 31 December 2016.

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

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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

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

Aabenraa, 8 May 2017
Executive Board:

Lars Gram Skjønnemann

Independent auditor's report

To the shareholders of BERING Time ApS

Opinion

We have audited the financial statements of BERING Time ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aabenraa, 8 May 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jon Midtgaard
State Authorised Public Accountant

Management's review

Company details

Name	BERING Time ApS
Address, Postal code, City	Skrænten 34, 6200 Aabenraa
CVR no.	32 44 57 64
Established	1 September 2009
Registered office	Aabenraa
Financial year	1 January - 31 December
Website	www.beringtime.com
E-mail	info@beringtime.com
Telephone	+45 88 16 90 90
Executive Board	Lars Gram Skjønnemann
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark

Management's review

Financial highlights

DKK'000	2016	2015	2014	2013	2012
Key figures					
Revenue	286,793	259,528	228,676	197,390	148,471
Gross margin	20,583	34,684	19,362	23,794	27,371
Operating profit/loss	10,325	12,845	3,100	7,861	9,714
Net financials	-4,052	-1,727	-54	-2,502	-3,886
Profit/loss for the year	**4,885**	**8,433**	**2,268**	**4,632**	**3,577**
Total assets	149,729	130,534	143,829	148,718	115,871
Equity	**30,719**	**25,834**	**17,402**	**15,133**	**10,697**
Financial ratios					
Operating margin	3.6%	4.9%	1.4%	4.0 %	6.5 %
Gross margin	7.2%	13.4%	8.5%	12.1%	18.4%
Solvency ratio	20.5%	19.8%	12.1%	10.2%	9.2%
Return on equity	17.3%	39.0%	13.9%	35.9%	40.1%
Average number of employees	**11**	**13**	**13**	**12**	**0**

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Management commentary

Business review

BERING Time ApS is a design enterprise whose activities comprise the sale of wrist watches and jewellery.

BERING Time ApS presents a series of watches and jewellery that blend minimalistic Danish design and optimal material strength. HighTech ceramic and sapphire glass make the watches extremely tough and uniquely resistant. Time leaves no trace on the streamlined forms and pure elegance of the watches. A brand that redefines time with its love for detail.

Financial review

In 2016, the Company's revenue came in at DKK 286,793 thousand against DKK 259,528 thousand last year. The income statement for 2016 shows a profit of DKK 4,415 thousand against a profit of DKK 8,433 thousand last year, and the balance sheet at 31 December 2016 shows equity of DKK 30,249 thousand.

The Company has been subject to a high growth rate underlined by the fact that the product line has been given a very positive reception in a number of new markets. However, the Company is mainly occupied with the fact that sales to existing distributors are increasing and thus, BERING continues to gain market shares. This is taken precedence over new markets.

Special risks

Due to its activities, the Company is exposed to a number of risks. The Company actively strives to reduce these risks to acceptable levels, see below.

Credit risks:

Based on a specific credit rating, the Company grants credit to selected customers. It is company policy to have tight control of the credit risk, by applying e.g. a credit max. at customer level.

Foreign currency risks:

The Company's foreign currency risks primarily relate to purchases from the Far East. Profit and equity are thus affected by the exchange rate movements for a number of currencies, primarily USD. The Company relies on forward contracts to reduce commercial currency risks, primarily in relation to the hedging of purchases.

No agreements on speculative financial instruments are made.

Interest rate risks:

Moderate changes to the interest level are not deemed to have any material effect on earnings. Thus, financial contracts are not concluded to hedge interest rate risks.

Events after the balance sheet date

No significant events have occurred after the balance sheet date which materially affect the Company's financial position.

Outlook

The potential for BERING watches and jewellery is deemed to be huge, both on existing and new markets.

Increased revenue and improved results are expected for the 2017 financial year.

Other matters:

The Company's employees have a thorough knowledge of the market and have shown a particular ability to develop a unique product programme. Upgrading of employees is made on an ongoing basis. The Company does not perform research and development activities, and the influence of the external environment is not regarded as material.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2016	2015
	Revenue	286,793	259,528
	Cost of sales	-204,192	-151,286
	Other external expenses	-62,018	-73,558
	Gross margin	20,583	34,684
2	Staff costs	-10,085	-15,996
	Amortisation/depreciation and impairment losses	-173	-5,836
	Other operating expenses	0	-7
	Profit before net financials	10,325	12,845
3	Financial income	332	2,341
4	Financial expenses	-4,384	-4,068
	Profit before tax	6,273	11,118
5	Tax for the year	-1,388	-2,685
	Profit for the year	4,885	8,433

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Fixed assets		
6	**Property, plant and equipment**		
	Other fixtures and fittings, tools and equipment	273	446
		273	446
	Investments		
	Other receivables	800	800
		800	800
	Total fixed assets	1,073	1,246
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	66,041	62,306
		66,041	62,306
	Receivables		
	Trade receivables	63,639	52,943
	Receivables from group entities	6,234	7,278
	Receivables from associates	1	239
8	Deferred tax assets	0	549
	Other receivables	5,037	616
	Deferred income	2,626	1,895
		77,537	63,520
	Cash	5,078	3,462
	Total non-fixed assets	148,656	129,288
	TOTAL ASSETS	149,729	130,534

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	125	125
	Retained earnings	30,594	25,709
	Total equity	30,719	25,834
	Provisions		
8	Deferred tax	142	0
	Other provisions	0	3,500
	Total provisions	142	3,500
	Liabilities		
	Current liabilities		
	Bank debt	3,420	1,870
	Trade payables	6,140	4,097
	Payables to group entities	94,473	65,624
	Payables to associates	10,289	22,649
	Payables to shareholders and management	13	0
	Other payables	4,533	6,960
		118,868	101,200
	Total liabilities other than provisions	118,868	101,200
	TOTAL EQUITY AND LIABILITIES	149,729	130,534

1 Accounting policies
9 Contractual obligations and contingencies, etc.
10 Collateral
11 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2016	125	25,709	25,834
12	Transfer, see "Appropriation of profit"	0	4,885	4,885
	Equity at 31 December 2016	125	30,594	30,719

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of BERING Time ApS for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

Transactions denominated in foreign currencies are translated to Danish Kroner at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

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

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets or liabilities are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Income statement

Revenue

Income from the sale of goods and finished goods, which includes the sale of wrist watches and jewellery, is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

The date of transition of the principal advantages and risks is based on standardised delivery terms on the basis of Incoterms® 2010.

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	2-5 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Financial non-current assets - Receivables includes subordinated loan, where creditor has indicated willingness to step back in favor of other creditors.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The objective indicators used for portfolios are determined based on historical loss experience.

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

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

Provisions

Provisions comprise expected expenses relating to litigations/disputes raised against the company. Provisions are recognised when the company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes

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

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

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

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

Other liabilities are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Financial ratios

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

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin x 100}}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

	DKK'000	2016	2015
2	**Staff costs**		
	Wages/salaries	9,335	15,389
	Pensions	475	388
	Other social security costs	72	86
	Other staff costs	203	133
		10,085	15,996
	Average number of full-time employees	11	13

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

		2016	2015
3	**Financial income**		
	Interest receivable, group entities	193	365
	Interest receivable, associates	97	12
	Other interest income	42	7
	Exchange adjustments	0	1,827
	Other financial income	0	130
		332	2,341

Financial statements for the period 1 January - 31 December

Notes to the financial statements

	DKK'000	2016	2015
4	**Financial expenses**		
	Interest expenses, group entities	1,864	926
	Interest expenses, associates	434	2,390
	Other interest expenses	281	752
	Exchange adjustments	1,805	0
		4,384	4,068
5	**Tax for the year**		
	Estimated tax charge for the year	697	4,040
	Deferred tax adjustments in the year	691	-1,355
		1,388	2,685

6 **Property, plant and equipment**

DKK'000	Other fixtures and fittings, tools and equipment
Cost at 1 January 2016	1,024
Cost at 31 December 2016	1,024
Impairment losses and depreciation at 1 January 2016	578
Amortisation/depreciation in the year	173
Impairment losses and depreciation at 31 December 2016	751
Carrying amount at 31 December 2016	273
Amortised over	2-5 years

	DKK'000	2016	2015
7	**Share capital**		
	Analysis of the share capital:		
	125 shares of DKK 1,000.00 nominal value each	125	125
		125	125

No shares have special rigths.

The Company's share capital has remained DKK 125 thousand over the past 5 years.

8 **Deferred tax**

Provision relating to deferred tax includes deferred tax regarding property, plant and equipment. It is expected that DKK 0 thousand of the deferred tax recognised at 31 December 2016 is realised as current tax in 2017.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

BERING Time ApS is party in some litigations/disputes regarding design rights. Management is of the opinion that outcome of these cases will not influence the Company's financial position in addition to the receivables and liabilities recognised in the balance sheet at 31 December 2016.

The Company is jointly taxed with its parent, BERING Group ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

Other financial obligations

The Company has entered into lease agreements with terms of 3 months. The total residual lease liability amounts to DKK 32 thousand.

The company has entered into lease agreements with a residual liability of DKK 112 thousand.

10 Collateral

As security for the Company's debt to banks, 3,420 thousand DKK, the Company has provided security or other collateral in its assets for a total amount of thousand DKK 36,429. The total carrying amount of these assets is thousand DKK 132,437.

11 Related parties

BERING Time ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
BERING GROUP ApS	Skænten 34, 6200 Aabenraa	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
BERING Group ApS	Skrænten 34, 6200 Aabenraa	BERING Group ApS, Skrænten 34, 6200 Aabenraa

DKK'000	2016	2015
12 Appropriation of profit/loss		
Recommended appropriation of profit		
Retained earnings	4,885	8,433
	4,885	8,433