Libratone A/S

Sundkaj 9, 2150 Nordhavn

CVR no. 32 64 76 42

Annual report 2016

Approved at the annual general meeting of shareholders on 31 May 2017

Chairman:

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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Libratone A/S for the financial year 1 January - 31 December 2016.

The annual report is 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.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 31 May 2017
Executive Board:

Song Liu

Board of Directors:

Johannes Huus Bogh Chairman	Song Liu	Xun Jiang

Independent auditor's report

To the shareholder of Libratone A/S

Opinion

We have audited the financial statements of Libratone A/S 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.

Emphasis of matter in the financial statements

Without modifying our opinion, we draw attention to the fact that the Company has lost more than half of the share capital and that the equity is negative. We draw attention to note 2 in the financial statements in which Management gives an account of the matter.

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.

Independent auditor's report

- 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.
- 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.

Copenhagen, 31 May 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Gath
State Authorised Public Accountant

Management's review

Company details

Name	Libratone A/S
Address, Postal code, City	Sundkaj 9, 2150 Nordhavn
CVR no.	32 64 76 42
Established	3 December 2009
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	www.libratone.com
E-mail	info@libratone.com
Telephone	+45 70 26 63 33
Board of Directors	Johannes Huus Bogh, Chairman Song Liu Xun Jiang
Executive Board	Song Liu
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Management commentary

Business review

The Company designs, develops and sells speakers and sound systems as well as related rights.

2016 was in line with our expectations as to the level of revenue and investments in new products, marketing and technology.

The Company launched a total of seven new products in 2016.
In January, the more exclusive version of Zipp and Zipp Mini called 'Copenhagen' was introduced, featuring aluminium top and base, as well as the heritage wool covers.

In May, the new "GO- Series" with the sturdy and splash-proof ONE Click, ONE Style and TOO Bluetooth speakers were launched.

In Q4, the new line of headsets "Q-Adapt In-Ear and On-Ear" were launched featuring the adjustable noise cancelling; "CityMix".

Unusual matters having affected the financial statements

Capital structure and financing

As at December 2016, the Company had a credit facility with the Parent Company amounting to DKK 358 million, which falls due when the Company has sufficient liquidity.

Furthermore, the Parent Company has confirmed to support the Company financially to ensure that the Company can discharge its obligations when they fall due.

Reference is made to note 2 for more details.

Financial review

Revenue was in line with expectations and the five-year plan for the Company.

The Company incurred a gross loss of DKK 46.6 million for 2016, compared to a loss of DKK 44.7 million in 2015.

The operating loss reflects the continued and increased investments in both marketing, branding, design and R&D.

The operating loss totalled DKK 87.9 million compared to a loss of DKK 81.7 million in 2015.

The net results totalled a negative DKK 137.4 million and assets totalled DKK 90.6 million (2015: DKK 69.9 million).

Events after the balance sheet date

No events have occurred after the end of the financial year that could materially affect the Company's financial position.

Outlook

According to the five-year plan, 2017 will be another significant investment year where the Company will focus on the existing product range and a ground-breaking software update in Q4.

Investments in marketing will increase in the European markets to make sure that our high-performing products will become more known.

Outlook for Libratone remains very positive.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross margin	-46,610,379	-44,749,710
3	Staff costs	-26,567,100	-25,354,867
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-14,743,293	-11,641,373
	Profit/loss before net financials	-87,920,772	-81,745,950
	Income from investments in group entities	-22,136,210	-11,318,475
	Financial income	18,520,565	20,943,642
4	Financial expenses	-49,945,497	-41,071,987
	Profit/loss before tax	-141,481,914	-113,192,770
5	Tax for the year	4,108,883	2,314,858
	Profit/loss for the year	-137,373,031	-110,877,912
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-137,373,031	-110,877,912
		-137,373,031	-110,877,912

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Fixed assets		
6	**Intangible assets**		
	Completed development projects	12,379,222	17,210,235
	Acquired intangible assets	5,438,143	2,125,896
	Development projects in progress	7,770,977	4,253,199
		25,588,342	23,589,330
7	**Property, plant and equipment**		
	Other fixtures and fittings, tools and equipment	0	134,836
	Leasehold improvements	2,097,760	0
		2,097,760	134,836
8	**Investments**		
	Investments in group entities	0	0
	Other receivables	1,337,347	1,456,364
		1,337,347	1,456,364
	Total fixed assets	29,023,449	25,180,530
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	26,464,634	17,523,631
		26,464,634	17,523,631
	Receivables		
	Trade receivables	14,121,065	14,089,142
	Receivables from group entities	9,888,751	1,681,388
	Deferred tax assets	2,788,834	2,200,000
	Other receivables	1,349,648	4,792,552
	Prepayments	238,712	0
		28,387,010	22,763,082
	Cash	9,537,750	4,501,503
	Total non-fixed assets	64,389,394	44,788,216
	TOTAL ASSETS	93,412,843	69,968,746

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	32,525,923	32,525,923
	Reserve for development costs	8,506,161	0
	Retained earnings	-357,689,379	-210,100,224
	Total equity	-316,657,295	-177,574,301
	Liabilities		
10	**Non-current liabilities other than provisions**		
	Payables to group entities	357,941,104	212,109,187
		357,941,104	212,109,187
	Current liabilities		
	Other credit institutions	458,488	2,987,401
	Trade payables	39,099,792	25,892,799
	Other payables	12,570,754	6,553,660
		52,129,034	35,433,860
	Total liabilities other than provisions	410,070,138	247,543,047
	TOTAL EQUITY AND LIABILITIES	93,412,843	69,968,746

1 Accounting policies
2 Capital structure and financing
11 Contractual obligations and contingencies, etc.
12 Collateral
13 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2015	32,525,923	0	-96,592,992	-64,067,069
Transfer, see "Appropriation of loss"	0	0	-110,877,912	-110,877,912
Exchange adjustment	0	0	-2,629,320	-2,629,320
Equity at 1 January 2016	32,525,923	0	-210,100,224	-177,574,301
Transferred	0	8,506,161	-8,506,161	0
Transfer, see "Appropriation of loss"	0	0	-137,373,031	-137,373,031
Exchange adjustment	0	0	-1,709,963	-1,709,963
Equity at 31 December 2016	32,525,923	8,506,161	-357,689,379	-316,657,295

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Libratone A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in the following areas:

1.Yearly reassessment of residual values of property, plant and equipment
2.Reserve for development costs

Re 1: In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

Re 2: An amount corresponding to development costs recognised are in future tied up in a special reserve under equity called "Reserve for development costs". The amount is tied up in a special reserve, which cannot be used to distribute dividend or cover losses. If the development costs recognised are sold or in some other way no longer form part of the Company's operations, the reserve will be dissolved or reduced by a transfer directly to distributable reserves under equity. If the recognised development costs are written down, part of the reserve for development costs must be reversed. The reversed portion corresponds to the write-down of the development costs. If a write-down of the development costs is subsequently reversed, the reserve for development costs must be re-established. The reserve for development costs is also reduced by amortisation charges. In doing so, the equity reserve will not exceed the amount recognised in the balance sheet as development costs.

None of the above changes affects the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Income statement

Revenue

Income from the sale of goods held for sale and finished goods 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. VAT, indirect taxes and discounts are excluded from revenue.

Gross margin

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sales', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit/loss'.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

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.

Amortisation/depreciation and impairment

The item includes amortisation/depreciation and write-downs of intangible assets and property, plant and equipment. Non-current assets are amortised/depreciated using the straight line method, based on the cost, measured by reference to the assessment of the useful lives and residual values of the assets.

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

Completed development projects	3-5 years
Acquired intangible assets	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Income from investments in group entities

The item includes the Company's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realised and unrealised capital and exchange gains and losses on foreign currency transactions and surcharges and allowances 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 entity is jointly taxed with other subsidiaries. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Intangible assets

Development projects that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated, and where the intention is to produce, market or use the product, are recognised as intangible assets provided that it is sufficiently certain that future earnings are adequate to cover production, sales and administrative expenses and aggregate development costs. Other development costs are expensed in the income statement as incurred.

Development costs are measured at direct cost.

Completed development projects are amortised on a straight line basis over the expected useful life. The amortisation period is approx. 5 years. For development projects protected by intellectual rights, the maximum amortisation period is the remaining term of the rights concerned.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements and other fixtures and fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and write downs.

Investments in subsidiaries

Investments in subsidiaries are measured using the equity method at the Parent Company's proportionate share of such entities' equity. Entities whose equity is negative are measured at zero with the proportionate share corresponding to the negative value being set off against receivables, if any. Any additional amounts are recognised under 'Provisions' if the Parent Company is liable for the debt.

Impairment of fixed 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.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Inventories

Inventories are measured at cost in accordance with the 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 expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. The value is reduced by provisions for impairment losses.

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 in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is 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

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Income taxes

Current tax charges are recognised in the balance sheet at the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Provisions for deferred tax are calculated at 25% of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set off against deferred tax liabilities.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Other debt is subsequently measured at amortised cost corresponding to the nominal unpaid debt.

2 **Capital structure and financing**

At 31 December 2016, the Company had a long-term credit facility with the Parent Company amounting to DKK 357,941 thousand, which falls due when the Company has the sufficient liquidity. Furthermore, the Parent Company has confirmed to support the Company financially to ensure that the Company can discharge its obligations as they fall due. The commitment from the Parent Company will be effective at least until December 2017.

Based on these conditions and the expected future cash-flow and earnings, Management has presented the financial statements for 2016 based on the going concern assumption.

The Company realised a loss of DKK 131,373 thousand in 2016. Equity amounted to a negative DKK 316,657 thousand at 31 December 2016, which is less than half of the share capital. The Company is therefore covered by section 119 of the Danish Company Act. The Company expects to restore equity by a capital increase.

	DKK	2016	2015
3	**Staff costs**		
	Wages/salaries	23,582,282	22,970,502
	Pensions	2,724,857	2,045,149
	Other social security costs	248,216	300,666
	Other staff costs	11,745	38,550
		26,567,100	25,354,867
	Average number of full-time employees	35	35

Financial statements for the period 1 January - 31 December

Notes to the financial statements

	DKK	2016	2015
4	**Financial expenses**		
	Interest expenses, group entities	19,799,602	10,765,599
	Exchange losses	29,703,992	29,642,756
	Other financial expenses	441,903	663,632
		49,945,497	41,071,987
5	**Tax for the year**		
	Deferred tax adjustments in the year	-2,788,834	-2,200,000
	Tax adjustments, prior years	-1,320,049	-114,858
		-4,108,883	-2,314,858

6 **Intangible assets**

DKK	Completed development projects	Acquired intangible assets	Development projects in progress	Total
Cost at 1 January 2016	53,220,774	4,092,253	4,253,199	61,566,226
Additions in the year	997,695	5,177,875	9,907,640	16,083,210
Disposals in the year	-29,540,183	-322,364	0	-29,862,547
Transfer from other accounts	6,389,862	0	-6,389,862	0
Cost at 31 December 2016	31,068,148	8,947,764	7,770,977	47,786,889
Impairment losses and amortisation at 1 January 2016	36,010,539	1,966,357	0	37,976,896
Amortisation in the year	12,218,570	1,865,628	0	14,084,198
Amortisation/depreciation and impairment of disposals in the year	-29,540,183	-322,364	0	-29,862,547
Impairment losses and amortisation at 31 December 2016	18,688,926	3,509,621	0	22,198,547
Carrying amount at 31 December 2016	12,379,222	5,438,143	7,770,977	25,588,342

Financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2016	537,496	502,712	1,040,208
Additions in the year	239,736	2,382,284	2,622,020
Disposals in the year	-33,973	0	-33,973
Cost at 31 December 2016	743,259	2,884,996	3,628,255
Impairment losses and depreciation at 1 January 2016	402,660	502,712	905,372
Depreciation in the year	374,572	284,524	659,096
Reversal of amortisation/depreciation and impairment of disposals	-33,973	0	-33,973
Impairment losses and depreciation at 31 December 2016	743,259	787,236	1,530,495
Carrying amount at 31 December 2016	0	2,097,760	2,097,760

8 Investments

DKK	Investments in group entities	Other receivables	Total
Cost at 1 January 2016	5,762	1,456,364	1,462,126
Disposals in the year	0	-119,017	-119,017
Cost at 31 December 2016	5,762	1,337,347	1,343,109
Value adjustments at 1 January 2016	-5,762	0	-5,762
Exchange adjustment	-1,709,963	0	-1,709,963
Share of the loss for the year	-22,136,210	0	-22,136,210
Transferred to receivables	23,846,173	0	23,846,173
Value adjustments at 31 December 2016	-5,762	0	-5,762
Carrying amount at 31 December 2016	0	1,337,347	1,337,347

Name	Legal form	Domicile	Interest	Equity DKK	Profit/loss DKK
Subsidiaries					
Libratone	Inc.	USA	100.00 %	-49,485,758	-22,136,210

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	2016	2015
9 Share capital		
Analysis of the share capital:		
32,525,923 A- shares of DKK 1.00 nominal value each	32,525,923	32,525,923
	32,525,923	32,525,923

Analysis of changes in the share capital over the past 5 years:

DKK	2016	2015	2014	2013	2012
Opening balance	32,525,923	32,525,923	2,639,147	1,919,398	1,194,440
Capital increase	0	0	29,886,776	719,749	724,958
	32,525,923	32,525,923	32,525,923	2,639,147	1,919,398

10 Long-term liabilities

Breakdown of certain liabilities by long-term and short-term liabilities:

DKK	Total debt at 31/12 2016	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Payables to group entities	357,941,104	0	357,941,104	0
	357,941,104	0	357,941,104	0

As descriped in the Management's review and note 2, debt to the Parent Company amounting to DKK 357,941 thousand falls due when the Company has the sufficient liquidity. Furthermore, the Parent Company has confirmed to support the Company financially to ensure that the Company can discharge its obligations as they fall due.

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its group company DynAudio Holding A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2014 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment.

Other financial obligations

The Company has liabilities under operating leases for cars totalling DKK 661 thousand, with remaining contract terms of 3 years.

The Company has liabilities under rent commitments totalling DKK 12,142 thousand, with remaing contract terms of 4 years.

12 Collateral

The following assets have been put up as security for the Company's debt to other credit institutions:

A business charge of DKK 20,000 thousand, including unsecured claims, raw material stocks, semi-manufactured and finished products and intellectual property rights, has been provided as security for the Company's debt to other credit institutions amounting to DKK 458 thousand at 31 December 2016.

The total carrying amount of these assets is DKK 53,312 thousand.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

13 Related parties

Information about consolidated financial statements

Parent	Domicile
Dotcom Development Limited	Hong Kong

Ownership

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

Name	Domicile
Dotcom Development Limited	Hong Kong