Libratone A/S

Sundkaj 9, 2150 Nordhavn

CVR no. 32 64 76 42

Annual report
for the year 1 January - 31 December 2017

Approved at the Company's annual general meeting on 30/5 2018

Chairman:

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Henrik Starup

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 2017.

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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

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, 30 May 2018
Executive Board:

Song Liu

Board of Directors:

Johannes Huus Bogh Chairman	Song Liu	Xun Jiang

Statement by the Board of Directors and the Executive Board

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

Copenhagen, 30 May 2018
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 2017, which comprise 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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 the equity is negative. We draw attention to note 2 in the financial statements in which Management gives an account of the matter.

We have not modified our opinion in respect of this 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 as to 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 scepticism throughout the audit. We also:

Independent auditor's report

- 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.
- 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 conclusions are 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 the 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 the work we have performed, 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, 30 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Gath
State Authorised Public Accountant
MNE no.: mne19718

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

Business review

The Company designs, develops and sells wireless audio units.

2017 was again in line with our plans for the revenue and investment level for new products, marketing and technology.

The Company made solid progress on the collaboration with key platform partners, such as Apple, Google, Amazon, Baidu and Tencent. The Company is among the first audio brands to support the new AirPlay 2 technology -in partnership with Apple- as well as support for Amazon's Alexa voice assistant.

The Company was also chosen as one of Google's first "Made for Google" headset partners, and launched new versions of our Q adapt series for Google.

Unusual matters having affected the financial statements

Going concern

At 31 December 2017, the Company had a credit facility with the Parent Company amounting to DKK 452 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 5-year plan for the Company.

The Company incurred a gross loss of DKK 74.9 million for 2017 compared to a loss of DKK 46.6 million for 2016.

The operating result reflects the continued and increased investments in both marketing, branding and design.
The operating loss was DKK 126.9 million compared to a loss of DKK 87.9 million for 2016.

The net results were negative by DKK 127.2 million compared to a negative DKK 137.4 million for 2016, and the total assets amounted to DKK 97.1 million (DKK 90.6 million for 2016).

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 5-year plan, 2018 will be another significant investment year where the Company will launch a new product range at the end of Q2 and a new software platform in Q3.

Outlook for Libratone remains very positive.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2017	2016
	Gross margin	-74,897	-46,612
4	Staff costs	-32,308	-26,567
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-19,668	-14,743
	Profit/loss before net financials	-126,873	-87,922
	Income from investments in group entities	-30,432	-22,136
	Financial income	69,582	18,521
5	Financial expenses	-40,313	-49,945
	Profit/loss before tax	-128,036	-141,482
6	Tax for the year	850	4,109
	Profit/loss for the year	-127,186	-137,373
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-127,186	-137,373
		-127,186	-137,373

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Completed development projects	3,936	12,379
	Acquired intangible assets	3,319	5,438
	Development projects in progress	0	7,771
		7,255	25,588
8	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	0	0
	Leasehold improvements	1,557	2,098
		1,557	2,098
9	Investments		
	Investments in group entities	0	0
	Other receivables	1,454	1,337
		1,454	1,337
	Total fixed assets	10,266	29,023
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	28,686	26,465
		28,686	26,465
	Receivables		
	Trade receivables	11,191	11,358
	Receivables from group entities	33,345	9,889
	Deferred tax assets	850	2,789
	Other receivables	0	1,350
	Prepayments	1,022	239
		46,408	25,625
	Cash	11,769	9,538
	Total non-fixed assets	86,863	61,628
	TOTAL ASSETS	97,129	90,651

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	32,526	32,526
	Reserve for development costs	2,082	8,506
	Retained earnings	-470,674	-357,689
	Total equity	-436,066	-316,657
	Liabilities other than provisions		
11	Non-current liabilities other than provisions		
	Payables to group entities	452,235	357,941
		452,235	357,941
	Current liabilities other than provisions		
	Other credit institutions	409	458
	Trade payables	75,596	39,102
	Other payables	4,955	9,807
		80,960	49,367
	Total liabilities other than provisions	533,195	407,308
	TOTAL EQUITY AND LIABILITIES	97,129	90,651

1 Accounting policies
2 Capital structure and financing
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12 Contractual obligations and contingencies, etc.
13 Collateral
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Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2016	32,526	0	-210,100	-177,574
Transferred	0	8,506	-8,506	0
Transfer through appropriation of loss	0	0	-137,373	-137,373
Exchange adjustment	0	0	-1,710	-1,710
Equity at 1 January 2017	32,526	8,506	-357,689	-316,657
Transferred	0	-6,424	6,424	0
Transfer through appropriation of loss	0	0	-127,186	-127,186
Exchange adjustment	0	0	7,777	7,777
Equity at 31 December 2017	32,526	2,082	-470,674	-436,066

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Libratone A/S for 2017 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.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 income statement as financial income or financial expenses.

Monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Foreign group entities

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

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.

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'.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 fixed assets.

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/depreciation, which is calculated as cost less any residual value, is amortised/depreciated 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 subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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).

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 costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3-5 years.

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.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

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 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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base 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 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.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Capital structure and financing

At 31 December 2017, the Company had a long-term credit facility with the Parent Company amounting to DKK 452,235 thousand, 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 as they fall due. The commitment from the Parent Company will be effective at least until December 2018.

Based on these conditions, Management has presented the financial statements for 2017 based on the going concern assumption.

The Company realised a loss of DKK 127,186 thousand in 2017. Equity amounted to a negative DKK 436,066 thousand at 31 December 2017, 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.

3 Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue generating operating activities such as costs of comprehensive structuring of processes and basic structural adjustments as well as any disposal gains and losses relating thereto and which over time are of significant importance. Special items also comprise significant one-off items which in the opinion of Management do not form part of the Company's operating activities.

As disclosed in the Management's review, the profit for the year is affected by the preparation for the relocation of the productions facilities amounting to DKK 2,356 thousand that in the opinion of the Board of Directors do not form part of the operating activities.

DKK'000	2017	2016
Expenses		
Impairment on inventory	2,356	0
	2,356	0
Special items are recognised in the below items of the financial statements		
Cost of sales	2,356	0
Net profit on special items	2,356	0

	DKK'000	2017	2016
4	Staff costs		
	Wages/salaries	29,307	23,582
	Pensions	2,657	2,725
	Other social security costs	344	248
	Other staff costs	0	12
		32,308	26,567
	Average number of full-time employees	38	35

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2017	2016
5 Financial expenses		
Interest expenses, group entities	15,345	19,800
Exchange losses	24,415	29,704
Other financial expenses	553	441
	40,313	49,945
6 Tax for the year		
Deferred tax adjustments in the year	-850	-2,789
Tax adjustments, prior years	0	-1,320
	-850	-4,109

7 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Development projects in progress	Total
Cost at 1 January 2017	31,068	8,948	7,771	47,787
Additions in the year	504	291	0	795
Disposals in the year	-186	0	0	-186
Transfer from other accounts	7,771	0	-7,771	0
Cost at 31 December 2017	39,157	9,239	0	48,396
Impairment losses and amortisation at 1 January 2017	18,689	3,510	0	22,199
Impairment losses in the year	7,473	0	0	7,473
Amortisation in the year	9,245	2,410	0	11,655
Reversal of amortisation/depreciation and impairment of disposals	-186	0	0	-186
Impairment losses and amortisation at 31 December 2017	35,221	5,920	0	41,141
Carrying amount at 31 December 2017	3,936	3,319	0	7,255

Financial statements 1 January - 31 December

Notes to the financial statements

8 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2017	743	2,885	3,628
Cost at 31 December 2017	743	2,885	3,628
Impairment losses and depreciation at 1 January 2017	743	787	1,530
Depreciation in the year	0	541	541
Impairment losses and depreciation at 31 December 2017	743	1,328	2,071
Carrying amount at 31 December 2017	0	1,557	1,557

9 Investments

DKK'000	Investments in group entities	Other receivables	Total
Cost at 1 January 2017	6	1,337	1,343
Additions in the year	0	117	117
Cost at 31 December 2017	6	1,454	1,460
Value adjustments at 1 January 2017	-6	0	-6
Exchange adjustment	7,777	0	7,777
Share of the loss for the year	-30,432	0	-30,432
Transferred to receivables	22,655	0	22,655
Value adjustments at 31 December 2017	-6	0	-6
Carrying amount at 31 December 2017	0	1,454	1,454

The total amount of negative value adjustments on investments in group entities set off against receivables is DKK 72,141 thousand (2016: DKK 49,492 thousand).

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
Libratone	Inc.	USA	100.00%	-72,141	-30,432

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2017	2016
10 Share capital		
Analysis of the share capital:		
32,525,923 A- shares of DKK 1.00 nominal value each	32,526	32,526
	32,526	32,526

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

DKK'000	2017	2016	2015	2014	2013
Opening balance	32,526	32,526	32,526	2,639	1,919
Capital increase	0	0	0	29,887	720
	32,526	32,526	32,526	32,526	2,639

11 Non-current liabilities other than provisions

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

DKK'000	Total debt at 31/12 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Payables to group entities	452,235	0	452,235	0
	452,235	0	452,235	0

As descriped in the Management's review and note 2, debt to the Parent Company amounting to DKK 452,235 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.

12 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its group entity DynAudio Holding A/S, which acts as administration 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 192 thousand, with remaining contract terms of 2 years.

The Company has liabilities under rent commitments totalling DKK 9,540 thousand, with remaining contract terms of 3 years.

13 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 simple claims, raw material stocks, intermediate products and finished products and immaterial rights, has been provided as security for the Company's debt to other credit institutions amounting to DKK 409 thousand at 31 December 2017.

The total carrying amount of these assets is DKK 43,201 thousand.

Financial statements 1 January - 31 December

Notes to the financial statements

14 Related parties

Information about consolidated financial statements

Parent	Domicile
Dotcom Development Limited	

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