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Tresu Investment A/S

Jægersborg Allé 4, 5.
2920 Charlottenlund
Central Business Registration No 33078897

Annual report 2015/16

The Annual General Meeting adopted the annual report on 21.12.2016

Chairman of the General Meeting

Name: Kristian la Cour

Contents

Entity details

Entity

Tresu Investment A/S
Jægersborg Allé 4, 5.
2920 Charlottenlund

Central Business Registration No: 33078897
Registered in: Gentofte
Financial year: 01.10.2015 - 30.09.2016

Board of Directors

Søren Klarskov Vilby, chairman
Thomas Marstrand
Asger Bruun-Christensen
Kristian la Cour

Executive Board

Thomas Marstrand

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Tresu Investment A/S for the financial year 01.10.2015 - 30.09.2016.

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

In our opinion, the consolidated financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2016 and of the results of its operations as well as the consolidated cash flows for the financial year 01.10.2015 - 30.09.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Charlottenlund, 19.12.2016

Executive Board

Thomas Marstrand

Board of Directors

Søren Klarskov Vilby chairman	Thomas Marstrand	Asger Bruun-Christensen

Kristian la Cour

Independent auditor's reports

To the shareholders of Tresu Investment A/S
Report on the financial statements

We have audited the consolidated financial statements and parent financial statements of Tresu Investment A/S for the financial year 01.10.2015 - 30.09.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 30.09.2016 and of the results of their operations and the Group’s cash flows for the financial year 01.10.2015 - 30.09.2016 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

Independent auditor's reports

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Kolding, 19.12.2016

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No 33963556

Jesper Brønd-Jensen
statsautoriseret revisor

Management commentary

	2015/16 DKK'000	2014/15 DKK'000	2013/14 DKK'000	2012/13 DKK'000	2011/12 DKK'000
Financial highlights					
Key figures					
Revenue	433.756	379.507	395.659	373.318	341.070
Gross profit/loss	104.416	87.019	83.748	63.555	57.238
Operating profit/loss	39.062	22.917	22.922	5.170	824
Net financials	(868)	203	(383)	(3.249)	(657)
Profit/loss for the year	30.991	17.404	17.820	1.517	(172)
Total assets	291.966	269.339	283.218	244.043	220.061
Investments in property, plant and equipment	1.010	3.493	5.222	6.663	3.106
Equity	125.166	94.013	74.911	56.152	55.163
Ratios					
Gross margin (%)	24,1	22,9	21,2	17,0	16,8
Net margin (%)	7,1	4,6	4,5	0,4	(0,1)
Return on equity (%)	28,3	20,6	27,2	2,7	(0,3)
Equity ratio (%)	42,9	34,9	26,4	23,0	25,1
Return of assets	13,4	8,5	8,1	2,1	0,4

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

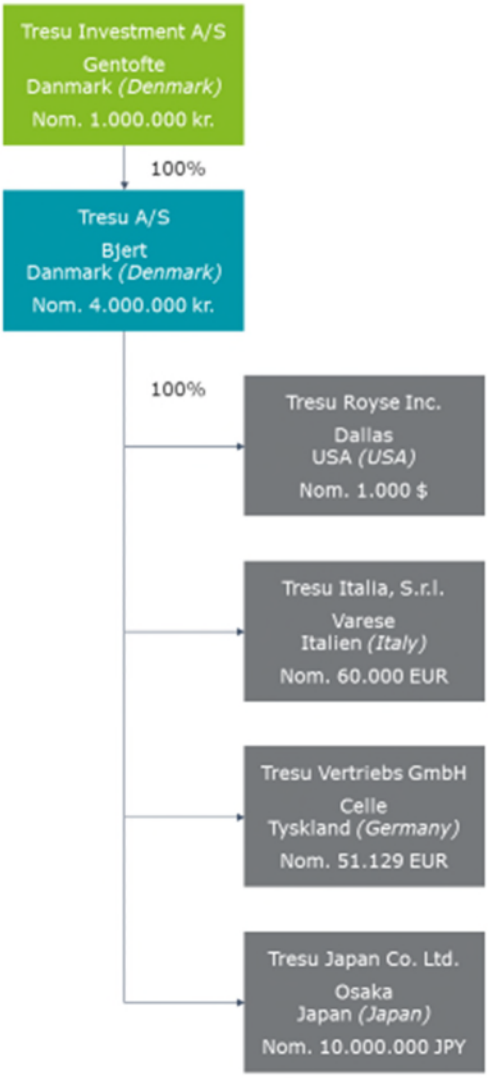
Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Solvency ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Return of assests (%)	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$	Profit from invested capital.

Management commentary

Group Structure



Management commentary

Primary activities

The Company's activities comprise the ownership of 100% of the shares in Tresu A/S.

The Group develops, produces and sells custom made in-line flexo printing machines for the packaging manufacturing industry and ancillaries for the digital, flexo and offset printing industry worldwide.

Development in activities and finances

The past year and follow-up on outlook

In the financial year 2015/16 revenue has increased by 14% compared to last year. The increase in revenue is due to an increase in the sale of in-line flexo printing machines.

The profit for the year amounts to DKK 31.0 million, which is an increase of 78% compared to last year.

Objective and outlook

An increase in revenue is expected and subsequently an improved result due to improvements of the market.

Particular risks

Operating risks

To ensure a stable supply the Group has entered into necessary long-term agreements with sub-suppliers for the delivery of essential components.

Currency risks

Due to foreign activities the earnings, cash flows and equity are to a certain degree influenced by the development in the exchange rates of EUR and USD as the main part of the revenue is invoiced in DKK, EUR and USD. The need for hedging is continuously evaluated. No speculative transactions are carried out.

Interest rate risks

Since the interest-bearing net liabilities do not represent a substantial amount, moderate changes in the interest rate level will not have a significant direct effect on the earnings. Therefore, hedging of interest rate risk is not carried out.

Credit risks

Credit risks attached to fixed asset investments correspond to the values recognised in the balance sheet and are not considered to constitute any major risk other than normal credit risk.
The Group policy on assuming credit risks entails that all large customers and other business partners are currently credit rated.

Management commentary

Intellectual capital resources

The most essential area of the business foundation of the Group is development and production of high-technology printing machines and associating products, which entails particularly high demands to the intellectual capital resources both in the development and production divisions.

In order to constantly be able to develop new solutions and products it is essential that the Group can recruit and retain employees with a high level of education.

To secure the critical business processes in relation to development, production and sales, the Group has worked out a quality management system which documents the individual methods and procedures. The system is maintained and updated as part of the ISO 9001 certification.

Environmental performance

The Group has an environmental strategy.

To control the environmental aspects, an environmental policy with objectives has been worked out. This policy is based on responsible environmental operations and is a natural part of the Group's targets in terms of product quality and production conditions.

The external environmental influences are primarily caused by the production in Tresu A/S and involve the consumption of electricity, natural gas and water as well as discharge from waste water, waste and emission. Efforts to improve the environment is on-going in all these areas.

Research and development activities

Research and development

Development activities comprise continuous development of the present product range and new development of ancillary products, including standardization of the ancillary products in order to achieve better earnings.

Corporate social responsibility

Requirements, guidelines and daily practise for social responsibility and working environment conditions are fully incorporated parts of the company's management system which consists of:

- Certified quality management ISO 9001
- Certified environmental management 14001

The basic idea of the management system is involvement of the employees and a high degree of decentralisation when making decisions. In this way high social capital, good working climate and job satisfaction among the employees are achieved.

Management commentary

The most important policies of the Group are the Working Environment Policy and Environmental Policy.

Working Environment Policy

The Group prioritise safety and health and wants to be regarded as a company with high standards in relation to the physical and psychological working environment. Key words of the working environment are prevention and high ethical standards.

This means that the Group:

- complies with the rules of the authorities in force at any time
- continuously implements improvements to the working environment
- documents improvements to the working environment
- has a workplace smoking policy
- has a senior policy
- has an alcohol policy
- motivates the employees to be aware of the working environment and to understand the importance of the efforts of each individual person
- involves the employees actively in the working environment work
- identifies the working environment effects on the company’s activities
- monitors working environment performances
- improves the working environment by means of planned and preventive measures
- ensures an active safety organisation
- requires that suppliers are aware of the working environment
- can explain purchased equipment’s impact on the working enviroment
- carries out risk assessment of manufactured products
- informs the public of the result of the working enviroment initiatives

Environmental policy

The environmental policy of the Group is to appear as an environmentally aware Group being at the forefront of the expectations of customers and surroundings and which as a minimum complies with the requirements of the authorities.

This means that the Group:

- complies with the requirements of DS/EN ISO 14001:2004
- continuously implements and documents improvement to the environment
- complies with the rules of the authorities in force at any time
- continuously reduces the environmental load

Management commentary

- motivates the employees to be environmentally aware
- documents the environmental load of the products in an objective way
- involves the employees actively to carry out improvements to the environment
- requires that suppliers are environmentally aware
- can explain purchased equipment's impact on the enviroment
- informs the public of the result of the enviromental initiatives

Objectives and action plans

For 2015/16 the aim was to reduce the CO2 emission by 3 tonnes per year and at the same time carry through improvements of the Group's products so that the customers' contribution to the global CO2 emission would be reduced by at least 200 tonnes.

In 2015/16 the goal of the Group was an absenteeism of 0.6 hours absence per 1,000 working hours. The increased focus on the working environment has entailed that the absenteeism has only been 0.45 hour absence per 1,000 working hours.

In 2016/17 the Group will have an increased focus on preventive measures and information and the goal of the Group is an absenteeism of 0.3 hours absence per 1,000 working hours.

Report on the underrepresented gender

The Parent employs less than 50 employees. No policies concerning the composition of genders for the Group as a whole have been prepared, but the Group's Danish subsidiary Tresu A/S has in its annual report disclosed the following:

All Tresu A/S staff was recruited based on professional skills without regard to religion, race, gender, handicap or age. As a group, we look upon diversity as a strength, and we actively combat discrimination and aspire to promote equal treatment. This applies to the management level as well as all other levels in the organisation.

Tresu A/S aims at the target of achieving equality at management level. At present women are the underrepresented gender at management level. Today, the share of women is 0% (0 women), but the target is that the share of women should be 12,5% (1 woman) at management level in 2017. There has been no change in the Board of Directors in 2015/16 so the the gender difference has not changed.

Tresu A/S has a policy for the underrepresented gender at other management levels. At 30 September 2015 Tresu A/S employs a total of 10% women and 90% men at other management levels which also reflects the composition of gender in the remaning part of the organisation.

Management commentary

In future, we want to ensure a greater balance in the composition of gender of our managers and we plan e.g. to render women management talents visible and motivate women talents to submit an application when recruitments are made for various management positions.

Through policies for the underrepresented gender at management level we have succeeded in maintaining 10% women at other management levels, but we still aim at ensuring a greater balance in the composition of gender among managers of the Company.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (big).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent (Tresu Investment A/S) and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements.

Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructuring in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Accounting policies

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Production costs regarding contract work in progress is recognized when realized.

Also, provisions for loss on contract work in progress are recognised under production costs.

Accounting policies

Research and development costs
Research and development costs include research costs, costs of development projects that do not meet the criteria for recognition in the balance sheet.

Distribution costs
Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative expenses
Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

The Entity is jointly taxed with all Danish subsiduaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sales of other intangible assets are calculated as the difference between selling price less selling costs and the carrying amount at the time of the sale. Profits or losses are recognised in the income statement under other operating income/-expenses.

Accounting policies

Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	33 years
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement under other operating income/-expenses.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Accounting policies

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally 5 years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources. For some projects where the consumption of resources cannot be applied as a basis, the ratio between completed and total subactivities of the individual projects has been applied.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Accounting policies

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to re-taxation of previously deducted losses of foreign subsidiaries is recognised based on a specific assessment of the purpose of the individual subsidiary.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Accounting policies

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Accounting policies

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.

Consolidated income statement for 2015/16

	Notes	2015/16 DKK'000	2014/15 DKK'000
Revenue	1	433.756	379.507
Production costs	3	(329.340)	(292.488)
Gross profit/loss		**104.416**	**87.019**
Research and development costs		(2.878)	(2.307)
Distribution costs		(37.466)	(31.870)
Administrative costs	2	(25.010)	(30.359)
Other operating income		0	434
Operating profit/loss		**39.062**	**22.917**
Other financial income	4	818	1.535
Other financial expenses	5	(1.686)	(1.332)
Profit/loss from ordinary activities before tax		**38.194**	**23.120**
Tax on profit/loss from ordinary activities	6	(7.203)	(5.716)
Profit/loss for the year		**30.991**	**17.404**

Proposed distribution of profit/loss		
Retained earnings	30.991	17.404
	30.991	**17.404**

Consolidated balance sheet at 30.09.2016

	Notes	2015/16 DKK'000	2014/15 DKK'000
Completed development projects		26.223	23.713
Goodwill		18.021	21.576
Intangible assets	7	**44.244**	**45.289**
Land and buildings		20.710	22.147
Plant and machinery		2.916	5.478
Other fixtures and fittings, tools and equipment		2.789	3.213
Leasehold improvements		714	956
Property, plant and equipment	8	**27.129**	**31.794**
Deposits		164	163
Fixed asset investments	9	**164**	**163**
Fixed assets		**71.537**	**77.246**
Raw materials and consumables		39.658	39.854
Work in progress		2.144	2.953
Manufactured goods and goods for resale		11.235	16.827
Prepayments for goods		7.907	4.355
Inventories		**60.944**	**63.989**
Trade receivables		81.850	67.173
Contract work in progress	11	29.892	34.465
Other short-term receivables		27.153	14.895
Income tax receivable		412	0
Prepayments		977	1.137
Receivables		**140.284**	**117.670**
Cash		**19.201**	**10.434**
Current assets		**220.429**	**192.093**
Assets		**291.966**	**269.339**

Consolidated balance sheet at 30.09.2016

	Notes	2015/16 DKK'000	2014/15 DKK'000
Contributed capital		1.000	1.000
Retained earnings		124.166	93.013
Equity		**125.166**	**94.013**
Provisions for deferred tax	12	14.323	12.264
Other provisions	13	1.231	1.001
Provisions		**15.554**	**13.265**
Subordinate loan capital		750	0
Mortgage debts		8.810	9.894
Finance lease liabilities		886	1.842
Other payables		7.630	6.986
Non-current liabilities other than provisions	14	**18.076**	**18.722**
Current portion of long-term liabilities other than provisions	14	3.230	4.873
Bank loans		10.821	50.471
Prepayments received from customers		1.718	1.719
Trade payables		68.396	43.679
Income tax payable		5.226	6.957
Other payables		43.779	35.640
Current liabilities other than provisions		**133.170**	**143.339**
Liabilities other than provisions		**151.246**	**162.061**
Equity and liabilities		**291.966**	**269.339**
Subsidiaries	10		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Mortgages and securities	19		

Consolidated statement of changes in equity for 2015/16

	Contri-buted capi-tal DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1.000	93.013	94.013
Exchange rate adjustments	0	162	162
Profit/loss for the year	0	30.991	30.991
Equity end of year	**1.000**	**124.166**	**125.166**

Consolidated cash flow statement for 2015/16

	Notes	2015/16 DKK'000	2014/15 DKK'000
Operating profit/loss		39.062	22.917
Amortisation, depreciation and impairment losses		14.299	15.543
Other provisions		230	26
Working capital changes	15	13.698	(62.126)
Cash flow from ordinary operating activities		**67.289**	**(23.640)**
Financial income received		818	2.931
Financial income paid		(1.546)	(1.332)
Income taxes refunded/(paid)		(7.287)	(178)
Cash flows from operating activities		**59.274**	**(22.219)**
Acquisition etc of intangible assets		(7.557)	(889)
Acquisition etc of property, plant and equipment		(1.011)	(3.494)
Sale of property, plant and equipment		0	1.351
Sale of fixed asset investments		0	80
Cash flows from investing activities		**(8.568)**	**(2.952)**
Loans raised		750	0
Instalments on loans etc		(3.039)	(3.965)
Cash flows from financing activities		**(2.289)**	**(3.965)**
Increase/decrease in cash and cash equivalents		**48.417**	**(29.136)**
Cash and cash equivalents beginning of year		(40.037)	(10.901)
Cash and cash equivalents end of year	16	**8.380**	**(40.037)**
Cash and cash equivalents at year-end are composed of:			
Cash		19.201	10.434
Short-term debt to banks		(10.821)	(50.471)
Cash and cash equivalents end of year		**8.380**	**(40.037)**

Notes to consolidated financial statements

1. Revenue

	2015/16 DKK'000	2014/15 DKK'000
Denmark	19.045	19.413
Other countries	414.711	360.094
	433.756	**379.507**

2. Fees to the auditor appointed by the Annual General Mee-ting

	2015/16 DKK'000	2014/15 DKK'000
Statutory audit services	244	240
Tax services	53	16
Other services	30	70
	327	**326**

3. Staff costs

	2015/16 DKK'000	2014/15 DKK'000
Wages and salaries	108.010	117.874
Pension costs	7.033	7.780
Other social security costs	3.378	3.294
	118.421	**128.948**
Average number of employees	**213**	**241**

	Remune-ration of manage-ment 2015/16 DKK'000	Remune-ration of manage-ment 2014/15 DKK'000
Executive Board	2.411	2.953
Board of Directors	48	44
	2.459	**2.997**

Notes to consolidated financial statements

4. Other financial income

	2015/16 DKK'000	2014/15 DKK'000
Exchange rate adjustments	677	1.422
Other financial income	141	113
	818	**1.535**

5. Other financial expenses

	2015/16 DKK'000	2014/15 DKK'000
Interest expenses	547	891
Exchange rate adjustments	1.074	381
Other financial expenses	65	60
	1.686	**1.332**

6. Tax on profit/loss from ordinary activities

	2015/16 DKK'000	2014/15 DKK'000
Tax on current year taxable income	5.134	6.962
Change in deferred tax for the year	2.059	(359)
Adjustment concerning previous years	10	0
Effect of changed tax rates	0	(887)
	7.203	**5.716**

7. Intangible assets

	Completed development projects DKK'000	Goodwill DKK'000
Cost beginning of year	38.403	36.620
Additions	7.557	0
Cost end of year	**45.960**	**36.620**
Amortisation and impairment losses beginning of year	(14.690)	(15.044)
Amortisation for the year	(5.047)	(3.555)
Amortisation and impairment losses end of year	**(19.737)**	**(18.599)**
Carrying amount end of year	**26.223**	**18.021**

Notes to consolidated financial statements

8. Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	32.077	27.102	7.356	1.397
Exchange rate adjustments	18	12	(9)	0
Additions	294	146	538	32
Disposals	(73)	(1.051)	(181)	0
Cost end of year	**32.316**	**26.209**	**7.704**	**1.429**
Depreciation and impairment losses beginning of the year	(9.930)	(21.624)	(4.143)	(441)
Exchange rate adjustments	(11)	(13)	25	0
Depreciation for the year	(1.738)	(2.707)	(978)	(274)
Reversal regarding disposals	73	1.051	181	0
Depreciation and impairment losses end of the year	**(11.606)**	**(23.293)**	**(4.915)**	**(715)**
Carrying amount end of year	**20.710**	**2.916**	**2.789**	**714**
Recognised assets not owned by entity	**-**	**1.064**	**-**	**-**

9. Fixed asset investments

	Deposits DKK'000
Cost beginning of year	163
Additions	1
Cost end of year	**164**
Carrying amount end of year	**164**

Notes to consolidated financial statements

10. Subsidiaries

	Registered in	Corporate form	Equity interest %
Tresu A/S	Bjert, Denmark	A/S	100,0
Tresu Italia S.r.l.	Varese, Italy	S.r.l.	100,0
Tresu Royce Inc.	Dallas, USA	Inc.	100,0
Tresu Japan Co. Ltd.	Osaka, Japan	Ltd.	100,0
Tresu Vertiebs GmbH	Celle, Germany	GmbH	100,0

11. Contract work in progress

	2015/16 DKK'000	2014/15 DKK'000
Contract work in progress	47.990	47.984
Progress billings regarding contract work in progress	(19.816)	(15.238)
Transferred to liabilities other than provisions	1.718	1.719
	29.892	**34.465**

12. Deferred tax

	2015/16 DKK'000	2014/15 DKK'000
Intangible assets	6.131	5.434
Property, plant and equipment	1.448	2.008
Inventories	4.529	3.700
Receivables	2.615	1.793
Liabilities other than provisions	(400)	(671)
	14.323	**12.264**

Changes during the year	
Beginning of year	12.264
Recognised in the income statement	2.059
End of year	**14.323**

13. Other provisions

Other provisions consists of warranties.

Notes to consolidated financial statements

14. Long-term liabilities other than provisions

	Instalments within 12 months 2015/16 DKK'000	Instalments within 12 months 2014/15 DKK'000	Instalments beyond 12 months 2015/16 DKK'000	Outstanding after 5 years DKK'000
Subordinate loan capital	0	0	750	0
Mortgage debts	1.060	1.060	8.810	5.158
Finance lease liabilities	918	1.191	886	0
Other payables	1.252	2.622	7.630	0
	3.230	**4.873**	**18.076**	**5.158**

15. Change in working capital

	2015/16 DKK'000	2014/15 DKK'000
Increase/decrease in inventories	3.045	3.358
Increase/decrease in receivables	(39.223)	(16.386)
Increase/decrease in trade payables etc	49.876	(49.098)
	13.698	**(62.126)**

16. Cash and cash equivalents

Cash in the cash flow statement consists of cash holdings and short-term bank loans.

17. Unrecognised rental and lease commitments

For the years 2016 - 2018 the Group has concluded lease contracts regarding operating leases of inventories, tools and rental. The future minimum payments according to contracts are distributed by DKK 1.722k within year 1 and DKK 907k between 2 and 5 years. There are no obligations after 5 years.

18. Contingent liabilities

Repurchase obligation has been made in the amount of DKK 923k expiring in September 2017.

Notes to consolidated financial statements

19. Mortgages and securities

Mortgage debt is secured by way of mortgage on lands and buildings.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on land and buildings of DKK 12.460k. Bank loans also are secured by way of mortgage deed registered to the mortgagor on moveable property of DKK 10.000k.

The carrying amount of mortgaged lands and buildings are DKK 18.289k. The carrying amount of mortgaged development projects are DKK 26.222k.

Bank warranties regarding customers amounting to DKK 11.286k have been made.

Parent income statement for 2015/16

	Notes	2015/16 DKK'000	2014/15 DKK'000
Administrative costs		(194)	(52)
Operating profit/loss		**(194)**	**(52)**
Income from investments in group enterprises		29.757	17.455
Other financial income	1	1.789	0
Other financial expenses	2	0	(15)
Profit/loss from ordinary activities before tax		**31.352**	**17.388**
Tax on profit/loss from ordinary activities	3	(361)	16
Profit/loss for the year		**30.991**	**17.404**

Proposed distribution of profit/loss		
Reserve for net revaluation according to the equity method	29.757	2.455
Retained earnings	1.234	14.949
	30.991	**17.404**

Parent balance sheet at 30.09.2016

	Notes	2015/16 DKK'000	2014/15 DKK'000
Investments in group enterprises		108.493	93.574
Fixed asset investments	4	**108.493**	**93.574**
Fixed assets		**108.493**	**93.574**
Receivables from group enterprises		17.021	0
Income tax receivable		134	295
Receivables		**17.155**	**295**
Cash		**645**	**1.159**
Current assets		**17.800**	**1.454**
Assets		**126.293**	**95.028**

Parent balance sheet at 30.09.2016

	Notes	2015/16 DKK'000	2014/15 DKK'000
Contributed capital		1.000	1.000
Reserve for net revaluation according to the equity method		36.925	7.006
Retained earnings		87.241	86.007
Equity		**125.166**	**94.013**
Subordinate loan capital	5	750	0
Non-current liabilities other than provisions		**750**	**0**
Trade payables		26	26
Payables to group enterprises		0	989
Income tax payable		351	0
Current liabilities other than provisions		**377**	**1.015**
Liabilities other than provisions		**1.127**	**1.015**
Equity and liabilities		**126.293**	**95.028**
Contingent liabilities	6		
Mortgages and securities	7		
Related parties with controlling interest	8		
Ownership	9		

Parent statement of changes in equity for 2015/16

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1.000	7.006	86.007	94.013
Exchange rate adjustments	0	162	0	162
Profit/loss for the year	0	29.757	1.234	30.991
Equity end of year	**1.000**	**36.925**	**87.241**	**125.166**

Notes to parent financial statements

1. Other financial income

	2015/16 DKK'000	2014/15 DKK'000
Financial income arising from group enterprises	1.789	0
	1.789	**0**

2. Other financial expenses

	2015/16 DKK'000	2014/15 DKK'000
Financial expenses from group enterprises	0	15
	0	**15**

3. Tax on profit/loss from ordinary activities

	2015/16 DKK'000	2014/15 DKK'000
Tax on current year taxable income	351	(295)
Change in deferred tax for the year	0	279
Adjustment concerning previous years	10	0
	361	**(16)**

4. Fixed asset investments

	Investments in group enterprises DKK'000
Cost beginning of year	71.568
Cost end of year	**71.568**
Revaluations beginning of year	22.006
Exchange rate adjustments	162
Amortisation of goodwill	(2.378)
Share of profit/loss for the year	32.135
Dividend	(15.000)
Revaluations end of year	**36.925**
Carrying amount end of year	**108.493**

5. Subordinate loan capital

The interest on the subordinate loan capital is variable depending on an exit value. Instalment happens when investment in group enterprises is sold.

Notes to parent financial statements

6. Contingent liabilities

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

7. Mortgages and securities

Collateral securities provided for subsidiaries and group enterprises

The Company gurantees for the subsidiary Tresu A/S's accounts with Sydbank A/S.

8. Related parties with controlling interest

Erhvervsinvest II K/S, Jægersborg Allé 4, 5., 2920 Charlottenlund owns more than 50% of the share capital in the Company and therefor have the controlling interest.

9. Ownership

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominel value of the share capital:

Erhvervsinvest II K/S, Jægersborg Allé 4, 5., 2920 Charlottenlund.
EG Holding Højen ApS, Skjoldborgvej 17, 7100 Vejle.