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Pro Design Investment A/S

Jægersborg Alle 4, 5.
2920 Charlottenlund
Central Business Registration No 34621713

Annual report 2018

The Annual General Meeting adopted the annual report on 31.05.2019

Chairman of the General Meeting

Name: Henrik Danmark

Medlem af Deloitte Touche Tohmatsu Limited

Contents

Entity details

Entity
Pro Design Investment A/S
Jægersborg Alle 4, 5.
2920 Charlottenlund

Central Business Registration No: 34621713
Registered in: Gentofte
Financial year: 01.01.2018 - 31.12.2018

Board of Directors
Dion Møberg Eriksen, Chairman
Thomas Marstrand
Henrik Danmark

Executive Board
Thomas Marstrand

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Pro Design Investment A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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.

Aarhus, 25.02.2019

Executive Board

Thomas Marstrand

Board of Directors

Dion Møberg Eriksen Chairman	Thomas Marstrand	Henrik Danmark

Independent auditor's report

To the shareholders of Pro Design Investment A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Pro Design Investment A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the 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.

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

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 exits. 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 these consolidated financial statements and parent 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:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 25.02.2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Jørn Jepsen
State Authorised Public Accountant
Identification number (MNE) mne24824

Kim Ladegaard
State Authorised Public Accountant
Identification number (MNE) mne32799

Management commentary

	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
Financial highlights					
Key figures					
Revenue	417.264	427.642	406.044	390.916	294.050
Gross profit/loss	109.885	115.293	106.832	114.040	92.167
Operating profit/loss	11.415	19.182	20.793	30.282	26.148
Net financials	(6.748)	(6.587)	(7.550)	(3.198)	(4.673)
Profit/loss for the year	357	6.072	8.132	23.039	15.182
Total assets	333.336	378.043	348.503	346.139	330.341
Investments in property, plant and equipment	6.350	6.775	1.813	4.090	5.343
Equity	180.799	179.613	174.949	166.737	140.607
Employees in average	196	194	187	185	183
Ratios					
Gross margin (%)	26,3	27,0	26,3	29,2	31,3
Net margin (%)	0,1	1,4	2,0	5,9	5,2
Return on equity (%)	0,2	3,4	4,8	15,0	11,8
Equity ratio (%)	54,2	47,5	50,2	48,2	42,6

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

Ratios	**Calculation formula**	**Ratios**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	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.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

Pro Design is a Danish owned group, which designs and sells eyewear worldwide under the trademarks Prodesign, FACE A FACE, WOOW, INFACE and Kilsgaard.

The Group has its own sales organisations in North America, Europe and Asia. In a number of markets in the Far East, South America and Australia, Pro Design is represented by independent importers.

Development in activities and finances

Profit for the year was DKK 357k after tax against DKK 6,072k after tax last year.

Due to a significant restructuring of the Group's back office and logistics set-up, the profit is negatively impacted by non-recurring restructuring costs.

Profit/loss for the year in relation to expected developments

Management regards profit for the year as less satisfactory compared to the expected development in revenue and operating profit.

Outlook

If the present business trends do not worsen considerably, 2019 will be a positive year for the Group with growth in revenue and significant growth in earnings.

Particular risks

Business risks

The main business risk of the Group relates to the ability of being strongly positioned in the markets where the Group's frames are sold. Moreover, it is important to the Group to always keep abreast of the development in retail marketing and commodity preferences etc.

Financial risks

As a consequence of its operations, investments and financing, the Group is exposed to changes in the level of interest and exchange rates. The Parent Company manages the financial risks of the Group centrally and also coordinates the cash management of the Group, including funding and investment of surplus liquidity. The Group pursues a Board-approved finance policy operating with a low risk profile so that currency exposure, interest rate exposure and credit risks arise only on the basis of commercial matters.

Foreign exchange risks

The Group is affected by changes in exchange rates as foreign subsidiaries' results and equity at year-end are translated into DKK on the basis of average exchange rates and the exchange rate at the balance sheet date, respectively.

The Group's currency exposure is primarily hedged through matching of payments received and made in the same currency by the use of forward exchange contracts and options.

Management commentary

Credit risks
Credit risks related to financial assets equal the values recognised in the balance sheet. The Group is not exposed to major risks relating to a single customer or co-operator.

Intellectual capital resources
To maintain and develop the position among the leading suppliers of frames it is of decisive importance that the Company and the Group continue to attract and retain the most talented and most service-minded staff.

Staff
It is important that the Group continues to be able to recruit and retain employees with a high education-al and competency level. This requires continuous updating and acquisition of new competences.

Existence of the necessary knowledge in all employee groups is ensured at the employment and through continuous training, among other initiatives. The training is planned on a general as well as an individual basis.

Environmental performance
The Group does not assess that it has any special environmental impact.

Research and development activities
The Group continuously develops and designs new frames. This is done with focus on innovation and high quality, and the Company has also developed complementary niche frames, which will contribute to growth over the next few years.

Statutory report on corporate social responsibility
The Design Eyewear Group focuses on carrying on business and meeting strategic challenges in a financially and socially sound matter, and Corporate Social Responsibility (CSR) has always been top of mind for the group.

Design Eyewear Group is a global eyewear design corporation, with activities in multiple countries spread across the world. The Group's products are designed internally but produced, either in full or to a semi-finished state, by external suppliers in Asia and in Europe, and later sold to individual opticians and optician chains in most parts of the world. CSR plays an important role in the way Design Eyewear Group does business.

Climate- and Environment supporting activities:
Overall, the environmental impact of the Group's internal activities is assessed as very limited. However, Design Eyewear Group will always strive to reduce the impact of its activities on the environment. This is done primarily through an reducing the energy expenditure of the company offices- and warehouses.

Design Eyewear Group require all external suppliers to act under the EU order, REACH[1], and is making yearly audits/visits at the production facilities to ensure that the requirements are met. However, as the size of the Group, compared to other players in the industry, is relatively small, Design Eyewear Group is not able to

[1] https://echa.europa.eu/da/regulations/reach/understanding-reach

Management commentary

conduct such audits unannounced, but can only choose to do announced audits. However, none of our visets during 2018 at our suppliers have shown breach on REACH.

Social- and staff matters:

Externally:

For all external supplier contracts, involved parties sign a declaration stating that:

- No workers may risk having their health damaged due to work with production of Design Eyewear Group products.
- No workers may have their safety compromised by the work with production of Design Eyewear Group products.
- No minors (Child labor) must be used for production of Design Eyewear Group products.

Design Eyewear Group has not found any reason to suspect that our suppliers don’t live up to the above, therefore we haven’t had any reason to either ask for an improvement from the suppliers or stop cooperation with them.

Internally:

It is important that the Group continues to be able to recruit and retain employees with a high educational and competency level. This requires continuous updating and acquisition of new competences.

Existence of the necessary knowledge in all employee groups is ensured at the employment and through continuous training, among other initiatives. The training is planned on a general as well as an individual basis.

Additionally, a yearly employee satisfaction survey is conducted, focusing on bullying, Work-life balance, work safety, etc. in the organization.

Human Rights:

Design Eyewear Group is protecting the human rights of internal employees, as well as the employees of external suppliers. All external suppliers are signing a declaration to follow the REACH order, thus protecting the human rights of all people involved with the products of Design Eyewear Group. Internal employees are protected by personnel policies applied across the Group, irrespective of location of employment.

Anti-Corruption and Bribery:

Design Eyewear Group is only to a very limited extent affected by corruption and bribery, because of the business model. The Group’s activities in countries characterized by corruption is mostly related to the supplier end of the value chain, allowing Design Eyewear Group to better control the transactions. Simultaneously, the sales are mostly done to industrialized countries, where the level of corruption is low. Consequently, no active policies on anti-corruption and bribery exist.

Management commentary

Statutory report on the underrepresented gender

The underrepresented gender

The Pro Design Group is working to increase the number of female managers on the Group's top management and has therefore set target figures for the quota of the underrepresented gender. The Pro Design Group has a target that 20% of the board members elected at the annual general meeting must be women by 2020. The Pro Design Investment A/S' Board currently consists of three members, all men. Achieving this target is considered realistic.

Pro Design Investment A/S has no other management levels, for which reason no policy for gender composition in other management levels has been composed.

The Design Eyewear Group is also working to increase the number of female managers in the other management levels of the enterprise. The target is that 20% of other executive positions must be filled by women. Pro Design Investment A/S turns its policy into action with the target that there are always female candidates among the relevant candidates when recruiting.

At present, there is 20% female managers on the Group's other management levels, which is the same as last year.

Pro Design Investment A/S has no other managements levels, for which reason no policy for gender composition in other management levels has been composed.

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.

Consolidated income statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Revenue	1	417.264	427.642
Cost of sales		(153.052)	(146.337)
Other external expenses	2	(154.327)	(166.012)
Gross profit/loss		**109.885**	**115.293**
Staff costs	3	(85.797)	(83.454)
Depreciation, amortisation and impairment losses	4	(12.673)	(12.657)
Operating profit/loss		**11.415**	**19.182**
Other financial income		768	643
Other financial expenses		(7.516)	(7.230)
Profit/loss before tax		**4.667**	**12.595**
Tax on profit/loss for the year	5	(4.310)	(6.523)
Profit/loss for the year	6	**357**	**6.072**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Acquired rights		933	1.024
Goodwill		125.167	133.999
Intangible assets	7	**126.100**	**135.023**
Other fixtures and fittings, tools and equipment		10.642	7.536
Leasehold improvements		743	1.135
Property, plant and equipment	8	**11.385**	**8.671**
Other investments		1	1
Other receivables		1.725	1.926
Fixed asset investments	9	**1.726**	**1.927**
Fixed assets		**139.211**	**145.621**
Manufactured goods and goods for resale		119.396	152.946
Inventories		**119.396**	**152.946**
Trade receivables		57.806	68.798
Deferred tax	10	1.308	1.876
Other receivables		3.106	3.245
Income tax receivable	11	5.097	0
Prepayments		1.586	736
Receivables		**68.903**	**74.655**
Cash		**5.826**	**4.821**
Current assets		**194.125**	**232.422**
Assets		**333.336**	**378.043**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Contributed capital		1.050	1.050
Retained earnings		179.749	178.563
Equity		**180.799**	**179.613**
Bank loans		0	271
Non-current liabilities other than provisions		**0**	**271**
Current portion of long-term liabilities other than provisions		168	224
Bank loans		102.737	126.148
Trade payables		23.124	45.770
Income tax payable		0	2.482
Other payables		26.508	23.535
Current liabilities other than provisions		**152.537**	**198.159**
Liabilities other than provisions		**152.537**	**198.430**
Equity and liabilities		**333.336**	**378.043**
Unrecognised rental and lease commitments	13		
Transactions with related parties	14		
Subsidiaries	15		

Consolidated statement of changes in equity for 2018

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1.050	178.563	179.613
Exchange rate adjustments	0	829	829
Profit/loss for the year	0	357	357
Equity end of year	**1.050**	**179.749**	**180.799**

Consolidated cash flow statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Operating profit/loss		11.415	19.182
Amortisation, depreciation and impairment losses		12.673	12.657
Working capital changes	12	25.159	(16.026)
Cash flow from ordinary operating activities		**49.247**	**15.813**
Financial income received		768	643
Financial income paid		(7.516)	(7.229)
Income taxes refunded/(paid)		(11.321)	(7.211)
Cash flows from operating activities		**31.178**	**2.016**
Acquisition etc of intangible assets		(85)	(85)
Acquisition etc of property, plant and equipment		(6.350)	(6.838)
Acquisition of enterprises		0	(3.480)
Cash flows from investing activities		**(6.435)**	**(10.403)**
Instalments on loans etc		(327)	(222)
Cash flows from financing activities		**(327)**	**(222)**
Increase/decrease in cash and cash equivalents		**24.416**	**(8.609)**
Cash and cash equivalents beginning of year		(121.327)	(112.718)
Cash and cash equivalents end of year		**(96.911)**	**(121.327)**
Cash and cash equivalents at year-end are composed of:			
Cash		5.826	4.821
Short-term debt to banks		(102.737)	(126.148)
Cash and cash equivalents end of year		**(96.911)**	**(121.327)**

Notes to consolidated financial statements

	2018 DKK'000	2017 DKK'000
1. Revenue		
Asia-Pacific	20.408	19.954
Americas	191.809	192.264
Europe	205.047	215.424
	417.264	**427.642**

	2018 DKK'000	2017 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	164	166
Tax services	43	81
Other services	64	45
	271	**292**

The above list comprises fees to Deloitte including group enterprises.

In addition, other auditors have received the following fees:
Statutory audit services DKK 781k (DKK 593k in 2017)
Tax services DKK 198k (DKK 200k in 2017)
Other services DKK 85k (DKK 111k in 2017)

	2018 DKK'000	2017 DKK'000
3. Staff costs		
Wages and salaries	68.577	65.490
Pension costs	5.614	4.895
Other social security costs	11.606	13.069
	85.797	**83.454**
Average number of employees	**196**	**194**

	Remunera-tion of manage-ment 2018 DKK'000	Remunera-tion of manage-ment 2017 DKK'000
Total amount for management categories	350	445
	350	**445**

Notes to consolidated financial statements

4. Depreciation, amortisation and impairment losses	**2018 DKK'000**	**2017 DKK'000**
Amortisation of intangible assets	9.010	9.175
Depreciation of property, plant and equipment	3.663	3.482
	12.673	**12.657**

5. Tax on profit/loss for the year	**2018 DKK'000**	**2017 DKK'000**
Tax on current year taxable income	3.727	7.384
Change in deferred tax for the year	568	(1.782)
Adjustment concerning previous years	15	921
	4.310	**6.523**

6. Proposed distribution of profit/loss	**2018 DKK'000**	**2017 DKK'000**
Retained earnings	357	6.072
	357	**6.072**

7. Intangible assets	**Acquired rights DKK'000**	**Goodwill DKK'000**
Cost beginning of year	1.848	176.804
Exchange rate adjustments	2	0
Additions	85	0
Disposals	(195)	0
Cost end of year	**1.740**	**176.804**
Amortisation and impairment losses beginning of year	(824)	(42.805)
Amortisation for the year	(178)	(8.832)
Reversal regarding disposals	195	0
Amortisation and impairment losses end of year	**(807)**	**(51.637)**
Carrying amount end of year	**933**	**125.167**

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
8. Property, plant and equipment		
Cost beginning of year	13.117	3.838
Exchange rate adjustments	123	85
Additions	6.298	52
Disposals	(3.064)	0
Cost end of year	**16.474**	**3.975**
Depreciation and impairment losses beginning of the year	(5.581)	(2.703)
Exchange rate adjustments	(128)	(53)
Depreciation for the year	(3.187)	(476)
Reversal regarding disposals	3.064	0
Depreciation and impairment losses end of the year	**(5.832)**	**(3.232)**
Carrying amount end of year	**10.642**	**743**

	Other investments DKK'000	Other receivables DKK'000
9. Fixed asset investments		
Cost beginning of year	1	1.926
Disposals	0	(201)
Cost end of year	**1**	**1.725**
Carrying amount end of year	**1**	**1.725**

	2018 DKK'000
10. Deferred tax	
Changes during the year	
Beginning of year	1.876
Recognised in the income statement	(568)
End of year	**1.308**

11. Short-term income tax receivable

Income tax receivable DKK 1.228k is not expected to be due within 12 months.

Notes to consolidated financial statements

	2018 DKK'000	2017 DKK'000
12. Change in working capital		
Increase/decrease in inventories	33.550	(28.193)
Increase/decrease in receivables	11.282	(2.887)
Increase/decrease in trade payables etc	(19.673)	15.054
	25.159	**(16.026)**

	2018 DKK'000	2017 DKK'000
13. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**15.136**	**19.758**

14. Transactions with related parties

According to section 98c(7) of the Danish Financial Statements Act, only non-arm's-length related party transactions are disclosed. However, all transactions have been made on an arm's length basis in the financial year.

	Registered in	Corpo-rate form	Equity inte-rest %
15. Subsidiaries			
Design Eyewear Group International A/S	Aarhus	A/S	100,0
Design Eyewear Group Inc	USA	Inc.	100,0
Design Eyewear Group GmbH	Germany	GmbH	100,0
Design Eyewear Group Ltd.	United Kingdom	Ltd.	100,0
Expressions SAS	France	SAS	100,0
Design Eyewear Group Ibérica, SL	Spain	SL	100,0

Parent income statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Other external expenses		(63)	(244)
Operating profit/loss		**(63)**	**(244)**
Income from investments in group enterprises		(794)	5.046
Other financial income	1	1.622	1.597
Other financial expenses	2	(50)	(30)
Profit/loss before tax		**715**	**6.369**
Tax on profit/loss for the year	3	(358)	(297)
Profit/loss for the year	4	**357**	**6.072**

Parent income statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Investments in group enterprises		172.262	172.242
Fixed asset investments	5	**172.262**	**172.242**
Fixed assets		**172.262**	**172.242**
Receivables from group enterprises		8.268	7.669
Income tax receivable		257	1.016
Receivables		**8.525**	**8.685**
Cash		**12**	**0**
Current assets		**8.537**	**8.685**
Assets		**180.799**	**180.927**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Contributed capital	6	1.050	1.050
Retained earnings		179.749	178.563
Equity		**180.799**	**179.613**
Income tax payable		0	1.314
Current liabilities other than provisions		**0**	**1.314**
Liabilities other than provisions		**0**	**1.314**
Equity and liabilities		**180.799**	**180.927**
Contingent liabilities	7		
Related parties with controlling interest	8		
Transactions with related parties	9		

Parent statement of changes in equity for 2018

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1.050	178.563	179.613
Exchange rate adjustments	0	829	829
Profit/loss for the year	0	357	357
Equity end of year	**1.050**	**179.749**	**180.799**

Notes to parent financial statements

	2018 DKK'000	2017 DKK'000
1. Other financial income		
Financial income arising from group enterprises	1.622	1.597
	1.622	**1.597**

	2018 DKK'000	2017 DKK'000
2. Other financial expenses		
Interest regarding tax paid on account	49	29
Other financial expenses	1	1
	50	**30**

	2018 DKK'000	2017 DKK'000
3. Tax on profit/loss for the year		
Adjustment concerning previous years	15	(1)
Refund in joint taxation arrangement	343	298
	358	**297**

	2018 DKK'000	2017 DKK'000
4. Proposed distribution of profit/loss		
Retained earnings	357	6.072
	357	**6.072**

	Investments in group enterprises DKK'000
5. Fixed asset investments	
Cost beginning of year	197.564
Cost end of year	**197.564**
Impairment losses beginning of year	(25.322)
Exchange rate adjustments	829
Amortisation of goodwill	(6.459)
Share of profit/loss for the year	5.650
Impairment losses end of year	**(25.302)**
Carrying amount end of year	**172.262**

The carrying amount includes goodwill of DKK 88,273k.

Notes to parent financial statements

	Number	Par value DKK'000	Nominal value DKK'000
6. Contributed capital			
Shares	1.050	1	1.050
	1.050		**1.050**

	2018 DKK'000	2017 DKK'000
7. Contingent liabilities		
Recourse and non-recourse guarantee commitments	108.955	126.148
Contingent liabilities in total	**108.955**	**126.148**

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 for income taxes etc for the jointly taxed entities, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

8. Related parties with controlling interest

Erhvervsinvest II K/S, Charlottenlund

9. Transactions with related parties

According to section 98c(7) of the Danish Financial Statements Act, only non-arm's-length related party transactions are disclosed. However, all transactions have been made on an arm's length basis in the financial year.

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 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. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

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. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

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.

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 rate 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.

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.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as plant and equipment.

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 from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Accounting policies

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.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

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.

Tax on profit/loss for the year

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.

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

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. 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 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 acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Property, plant and equipment
Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

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:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

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

Estimated useful lives and residual values are reassessed annually.

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

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 value plus or minus unamortised 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.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life which is normally 5 years, however in certain cases 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.

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

Accounting policies

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date.

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 of and impairment losses relating to machinery, factory buildings and equipment used in 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.

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 carry forwards, 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.

Income tax payable or receivable
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.

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

Cash
Cash comprises cash in hand and bank deposits.

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.

Accounting policies

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.

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 less short-term bank loans.