

Empire Distribution ApS

c/o IUNO advokatpartnerselskab, Njalsgade 19 C, 2300 København S

Company reg. no. 34 88 63 77

Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 20 February 2018.

Ulf Joakim Bork
Chairman of the meeting

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

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Management's report

The managing director has today presented the annual report of Empire Distribution ApS for the financial year 1 January to 31 December 2017.

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

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

The managing director considers the requirements of omission of audit of the annual accounts for 2017 as met.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

København S, 17 February 2018

Managing Director

Ulf Joakim Bork

Auditor's report on compilation of the annual accounts

To the shareholder of Empire Distribution ApS

We have compiled the annual accounts of Empire Distribution ApS for the period 1 January to 31 December 2017 based on the bookkeeping of the company and on further information you have provided.

The annual accounts comprise the accounting policies used, profit and loss account, balance sheet and notes.

We performed this engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist you in the preparation and presentation of the annual accounts in accordance with the Danish Financial Statements Act. We have complied with relevant requirements of the Danish Act on Approved Auditors and Audit Firms and with ethical requirements of the Danish Institute of State Authorised Public Accountants, including principles of integrity, objectivity, professional competence and due care.

The annual accounts and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the annual accounts. Accordingly, we do not express an audit opinion or a review conclusion on whether the annual accounts are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 17 February 2018

BUUS JENSEN

State Authorised Public Accountants
Company reg. no. 16 11 90 40

Lotte Nørskov

State Authorised Public Accountant
MNE-nr. 32825

Company data

The company

Empire Distribution ApS
c/o IUNO advokatpartnerselskab
Njalsgade 19 C
2300 København S

Company reg. no. 34 88 63 77
Established: 6 December 2012
Domicile: København
Financial year: 1 January - 31 December

Managing Director

Ulf Joakim Bork

Auditors

BUUS JENSEN, Statsautoriserede revisorer

Management's review

The principal activities of the company

The activities consist of distribution of the Empire-concern's products.

Development in activities and financial matters

The results from ordinary activities after tax are DKK 418.542 against DKK 257.305 last year. The management consider the results satisfactory.

The company has lost more than half of its share capital and is therefore subject to the capital loss rules in the Danish Companies Act. The Company's management believes that the company's current capital position is adequate to meet the company's strategy and refer otherwise to the description in note 1 about the company's continued operation.

Accounting policies used

The annual report for Empire Distribution ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Accounting policies used

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

The profit and loss account

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies used

The balance sheet

Tangible fixed assets

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Liabilities

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

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Gross profit	418.542	258.110
Operating profit	418.542	258.110
2 Other financial costs	0	-805
Results before tax	418.542	257.305
Tax on ordinary results	0	0
Results for the year	418.542	257.305
Proposed distribution of the results:		
Allocated to results brought forward	418.542	257.305
Distribution in total	418.542	257.305

Balance sheet 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2017</u>	<u>2016</u>
Fixed assets			
3	Other plants, operating assets, and fixtures and furniture	<u>0</u>	<u>0</u>
	Tangible fixed assets in total	<u>0</u>	<u>0</u>
	Fixed assets in total	<u>0</u>	<u>0</u>
Current assets			
	Other debtors	<u>5.408</u>	<u>2.658</u>
	Debtors in total	<u>5.408</u>	<u>2.658</u>
	Current assets in total	<u>5.408</u>	<u>2.658</u>
	Assets in total	<u>5.408</u>	<u>2.658</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2017</u>	<u>2016</u>
Equity			
4	Contributed capital	80.000	80.000
5	Results brought forward	-74.592	-1.124.686
	Equity in total	<u>5.408</u>	<u>-1.044.686</u>
Liabilities			
	Trade creditors	0	932.980
	Debt to group enterprises	<u>0</u>	<u>114.364</u>
	Short-term liabilities in total	<u>0</u>	<u>1.047.344</u>
	Liabilities in total	<u>0</u>	<u>1.047.344</u>
	Equity and liabilities in total	<u>5.408</u>	<u>2.658</u>

- 1 Uncertainties concerning the enterprise's ability to continue as a going concern
- 6 Contingencies

Notes

All amounts in DKK.

	<u>2017</u>	<u>2016</u>
1. Uncertainties concerning the enterprise's ability to continue as a going concern		
The company has lost more than half of its share capital, and its management is aware of being subject to the capital loss rules of the Danish Companies Act.		
The company's activity is under construction and the company's management has settled with the remaining creditors in the current year. The company's management wishes to settle the company by solvent liquidation in the coming year.		
2. Other financial costs		
Other financial costs	0	805
	<u>0</u>	<u>805</u>
3. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2017	986.919	986.919
Disposals during the year	<u>-986.919</u>	<u>0</u>
Cost 31 December 2017	<u>0</u>	<u>986.919</u>
Depreciation and writedown 1 January 2017	-986.919	-986.919
Depreciation, amortisation and writedown for the year, assets disposed of	<u>986.919</u>	<u>0</u>
Depreciation and writedown 31 December 2017	<u>0</u>	<u>-986.919</u>
4. Contributed capital		
Contributed capital 1 January 2017	80.000	80.000
	<u>80.000</u>	<u>80.000</u>
5. Results brought forward		
Results brought forward 1 January 2017	-1.124.685	-7.468.440
Profit or loss for the year brought forward	418.542	257.305
Tax-free subsidies from jointly taxed company	<u>631.551</u>	<u>6.086.449</u>
	<u>-74.592</u>	<u>-1.124.686</u>

Notes

All amounts in DKK.

6. Contingencies

Joint taxation

Empire Denmark ApS, company reg. no 31 42 41 35 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The total tax payable under the joint taxation amounts to DKK 0 thousand.

The liability relating to obligations in connection with withholding tax on dividends, interest and royalties represents an estimated maximum of DKK 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.