

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 2016

The annual report have been submitted and approved by the general meeting on the 2 May 2017.

Ulf Joakim Bork
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 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 2016.

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 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

The managing director considers the requirements of omission of audit of the annual accounts for 2016 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, 19 April 2017

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 2016 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, 19 April 2017

BUUS JENSEN

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

Lotte Nørskov

State Authorised Public Accountant

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 company's purpose is storage and logistics activities and other related services

Development in activities and financial matters

The results from ordinary activities after tax are DKK 257.305 against DKK -663.203 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.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Accounting policies used

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

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).

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

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.

Accounting policies used

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Other plants, operating assets, fixtures and furniture 3-5 years

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.

Available funds

Available funds comprise cash at bank and in hand.

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>2016</u>	<u>2015</u>
Gross profit	258.110	-1.741.083
Depreciation and writedown relating to tangible fixed assets	0	-68.717
Writedown of current assets exceeding usual writedown	0	-82.030
Operating profit	258.110	-1.891.830
Other financial income	0	1.614
2 Other financial costs	-805	-2.787
Results before tax	257.305	-1.893.003
3 Tax on ordinary results	0	1.229.800
Results for the year	257.305	-663.203
Proposed distribution of the results:		
Allocated to results brought forward	257.305	0
Allocated from results brought forward	0	-663.203
Distribution in total	257.305	-663.203

Balance sheet 31 December

All amounts in DKK.

Assets	<u>2016</u>	<u>2015</u>
<u>Note</u>		
Fixed assets		
4 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>2.658</u>	<u>147.962</u>
Debtors in total	<u>2.658</u>	<u>147.962</u>
Available funds	<u>0</u>	<u>1.768</u>
Current assets in total	<u>2.658</u>	<u>149.730</u>
Assets in total	<u>2.658</u>	<u>149.730</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities		2016	2015
<u>Note</u>		<u> </u>	<u> </u>
Equity			
5	Contributed capital	80.000	80.000
6	Results brought forward	<u>-1.124.686</u>	<u>-7.468.440</u>
	Equity in total	<u>-1.044.686</u>	<u>-7.388.440</u>
 Liabilities			
	Trade creditors	932.980	1.451.721
	Debt to group enterprises	<u>114.364</u>	<u>6.086.449</u>
	Short-term liabilities in total	<u>1.047.344</u>	<u>7.538.170</u>
	Liabilities in total	<u>1.047.344</u>	<u>7.538.170</u>
	 Equity and liabilities in total	 <u>2.658</u>	 <u>149.730</u>

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

7 Contingencies

Notes

All amounts in DKK.

	<u>2016</u>	<u>2015</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 in liquidation and the company's management is working to negotiate with the remaining creditors. The company's management expects that these negotiations fall out in the company's favor. The accounts have therefore been prepared as a going concern.		
2. Other financial costs		
Other financial costs	805	2.787
	<u>805</u>	<u>2.787</u>
3. Tax on ordinary results		
Adjustment for the year of deferred tax	0	-1.229.800
	<u>0</u>	<u>-1.229.800</u>
4. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2016	986.919	986.919
Additions during the year	0	0
Disposals during the year	0	0
Cost 31 December 2016	<u>986.919</u>	<u>986.919</u>
Depreciation and writedown 1 January 2016	-986.919	-918.202
Depreciation for the year	0	-68.717
Depreciation and writedown 31 December 2016	<u>-986.919</u>	<u>-986.919</u>
Book value 31 December 2016	<u>0</u>	<u>0</u>

Notes

All amounts in DKK.

	<u>31/12 2016</u>	<u>31/12 2015</u>
5. Contributed capital		
Contributed capital 1 January 2016	80.000	80.000
	<u>80.000</u>	<u>80.000</u>
6. Results brought forward		
Results brought forward 1 January 2016	-7.468.440	-6.805.237
Profit or loss for the year brought forward	257.305	-663.203
Tax-free subsidies from jointly taxed company	6.086.449	0
	<u>-1.124.686</u>	<u>-7.468.440</u>

7. 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.