

Empire Distribution ApS

Telegrafvej 8, 2750 Ballerup

Company reg. no. 34 88 63 77

Annual report

1 January - 31 December 2015

The annual report have been submitted and approved by the general meeting on the 1 June 2016.

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 board of directors and the managing director have today presented the annual report of Empire Distribution ApS for the financial year 1 January to 31 December 2015.

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

We consider the accounting policies used appropriate, and in our 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 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

At the board meeting on the 1 June 2016 it will be decided that the annual accounts for 2016 onwards are not subject to audit. The board of directors and the managing director considers the requirements of omission of audit as met.

We are 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.

Ballerup, 29 May 2016

Managing Director

Leif Jonas Holmström

Board of directors

Ulf Joakim Bork

The independent auditor's reports

To the shareholder of Empire Distribution ApS

Report on the annual accounts

We have audited the annual accounts of Empire Distribution ApS for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control considered necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts 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 the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the annual accounts.

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

The audit has not resulted in any qualification.

The independent auditor's reports

Opinion

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Emphasis of matter paragraph on matters in the accounts

Without affecting our opinion, we refer to the notes to the financial statements concerning the company's continued operation, where the company's management accounts for the restoration of the company's equity and the company's future operations. It is essential for the company's future operations, the company's expectations for future settlement realized.

Statement on the management's review

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the performed audit of the annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

Copenhagen, 29 May 2016

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

Telegrafvej 8

2750 Ballerup

Company reg. no. 34 88 63 77

Established: 6 December 2012

Domicile: Ballerup

Financial year: 1 January - 31 December

Board of directors

Ulf Joakim Bork

Managing Director

Leif Jonas Holmström

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 -663.203 against DKK -4.886.311 last year. The management consider the results unsatisfactory.

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.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

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.

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 loss

The gross loss 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

Cost of sales include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income and costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise.

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 include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

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 expected residual value after the end of the useful life of the asset.

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

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.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Empire Distribution ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

Accounting policies used

Liabilities

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

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>2015</u>	<u>2014</u>
Gross loss	-1.741.083	-2.199.846
Depreciation and writedown relating to tangible fixed assets	-68.717	-874.145
Writedown relating to current assets, except from financial current assets	-82.030	0
Operating profit	-1.891.830	-3.073.991
Other financial income	1.614	2
2 Other financial costs	-2.787	-41.286
Results before tax	-1.893.003	-3.115.275
3 Tax on ordinary results	1.229.800	-1.771.036
Results for the year	-663.203	-4.886.311
Proposed distribution of the results:		
Allocated from results brought forward	-663.203	-4.886.311
Distribution in total	-663.203	-4.886.311

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2015</u>	<u>2014</u>
Assets		
Fixed assets		
4 Other plants, operating assets, and fixtures and furniture	0	68.717
Tangible fixed assets in total	0	68.717
Fixed assets in total	0	68.717
Current assets		
Trade debtors	0	8.941.522
Amounts owed by group enterprises	0	1.891.532
Other debtors	147.962	1.959.283
Debtors in total	147.962	12.792.337
Cash funds	1.768	14.261
Current assets in total	149.730	12.806.598
Assets in total	149.730	12.875.315

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2015</u>	<u>2014</u>
Equity			
5	Contributed capital	80.000	80.000
6	Results brought forward	<u>-7.468.440</u>	<u>-6.805.237</u>
	Equity in total	<u>-7.388.440</u>	<u>-6.725.237</u>
Provisions			
	Provisions for deferred tax	<u>0</u>	<u>1.229.800</u>
	Provisions in total	<u>0</u>	<u>1.229.800</u>
Liabilities			
	Bank debts	0	1.770
	Trade creditors	1.451.721	2.877.231
	Debt to group enterprises	<u>6.086.449</u>	<u>15.491.751</u>
	Short-term liabilities in total	<u>7.538.170</u>	<u>18.370.752</u>
	Liabilities in total	<u>7.538.170</u>	<u>18.370.752</u>
	Equity and liabilities in total	<u>149.730</u>	<u>12.875.315</u>

7 Contingencies

Notes

All amounts in DKK.

	<u>2015</u>	<u>2014</u>
1. Uncertainties concerning the company'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	2.787	41.286
	<u>2.787</u>	<u>41.286</u>
3. Tax on ordinary results		
Adjustment for the year of deferred tax	-1.229.800	1.771.036
	<u>-1.229.800</u>	<u>1.771.036</u>
4. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2015	986.919	986.919
Additions during the year	0	0
Disposals during the year	0	0
Cost 31 December 2015	<u>986.919</u>	<u>986.919</u>
Depreciation and writedown 1 January 2015	-918.202	-44.057
Depreciation for the year	-68.717	-874.145
Depreciation and writedown 31 December 2015	<u>-986.919</u>	<u>-918.202</u>
Book value 31 December 2015	<u>0</u>	<u>68.717</u>

Notes

All amounts in DKK.

	<u>31/12 2015</u>	<u>31/12 2014</u>
5. Contributed capital		
Contributed capital 1 January 2015	80.000	80.000
	<u>80.000</u>	<u>80.000</u>
6. Results brought forward		
Results brought forward 1 January 2015	-6.805.237	-1.918.926
Profit or loss for the year brought forward	-663.203	-4.886.311
	<u>-7.468.440</u>	<u>-6.805.237</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 liability relating to obligations in connection with corporation tax represents an estimated maximum of DKK 0 thousand. The liability relating to obligations in connection with withholding taxes 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.