Mobylife Holding A/S

Sydmarken 32F, 2860 Søborg, Denmark

Financial Statements
1 January - 31 December 2016

CVR-nr. 35 25 45 52

The Financial Statements has been presented and adopted at the Annual General Meeting of the Company on / 2017

Mads Middelboe
Chairman

Table of contents

	Page
Directors' and Management's Statement on the Financial Statements	1
Independent Auditor's Report	2
Company Information	5
Group Chart as of 31. December 2016	6
Management's review	7
Consolidated Key Figures	17
Income Statements for the Years Ended 31 December 2016 and 2015	18
Statements of Other Comprehensive Income for the Years Ended 31 December 2016 and 2015	19
Statements of Financial Position as at 31 December 2016 and 2015	20
Statements of Changes in Equity for the Years Ended 31 December 2016 and 2015 - Group	22
Statements of Cash Flows for the Years Ended 31 December 2016 and 2015 - Group	24
Notes to the Financial Statements	26

Directors' and Management's Statement on the Financial Statements

Today the Board of Directors and Executive Management have discussed and approved the financial statements of Mobylife Holding A/S for the financial year 1 January to 31 December 2016.

The consolidated financial statements and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2016 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January to 31 December 2016.

In our opinion, the Management's review includes a true and fair review about the development in the Group's and the parent company's operations and financial matters, the results for the year and the parent company's financial position, and the position as a whole for the entities included in the consolidated financial statements, as well as a review of the more significant risks and uncertainties faced by the Group and the parent company. Furthermore, Management's Review has been prepared in accordance with the Danish Financial Statements Act.

We recommend that the annual report to be approved at the annual general meeting.

Søborg, 20 February 2017

Executive Management

Jakob Holmen Kraglund
CEO

Board of Directors

Mads Mathias Middelboe Chairman	Vilhelm Eigil Hahn-Petersen Deputy Chairman
Jacob Christian Nielsen Thygesen	Peter Ryttergaard

Independent Auditor's Report

To the shareholders of Mobylife Holding A/S

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

What we have audited
Mobylife Holding A/S' Consolidated Financial Statements and Parent Company Financial Statements for the financial year 1 January to 31 December 2016 comprise income statement and statement of comprehensive income, statements of financial position, statement of changes in equity, cash flow statement and notes to the financial statements, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "financial statements".

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 Financial Statements* section of our report.

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

Independence
We are independent of the Group in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Impairment of goodwill	
Goodwill might be impaired due to for example increased competition in local markets, changes in the demand for repair of mobile devices in the Nordic countries, technology changes and changes in the strategy of the Group. We focused on this area as the determination of whether or not an impairment charge for goodwill was necessary involves significant estimates and judgments made by Management, including especially: • estimation of future cash flows and the key assumptions underlying Management's expectations;	Our audit procedures included assessing the Group's impairment model. We obtained impairment test prepared by Management and evaluated the reasonableness of estimates and judgments made by Management in preparing this. We tested the reliability of Management's estimates by comparing budgeted figures to actual figures for the past years. We challenged Management on the assumptions for the key drivers of the future cash flows, including growth in net revenues, efficiency improvements, as well as the discount rates and long-term growth rates applied.

• discount rates applied in discounting future cash flows; and • long-term growth rates Reference is made to note 6 to the Consolidated Financial Statements.	We used our own specialists to evaluate the discount rate. Moreover, we examined sensitivity analyses performed over changes in revenue growth, efficiency improvements and discount rates.
Revenue recognition The Group's billing environment for repair of mobile devices is complex comprising a high number of individually low value transactions, complex price structure, some of which are changed during the year and a combination of automated and manual controls. We focused on this area because of the complexity of the revenue process, including the risk of incorrect use of standing data and contracts with complex price structure that in some instances are handled partly manually. Reference is made to note 4 to the Consolidated Financial Statements.	In our audit we focused on understanding the nature of revenue transactions including: · changes in standing data · capturing and recording of revenue transactions · underlying reconciliations We performed substantive testing of revenue transactions, reconciliations and payments on account receivable balances and performed analytical procedures where appropriate.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 exists. 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 financial statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Parent Company'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 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 Parent Company'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 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 or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 20 February 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

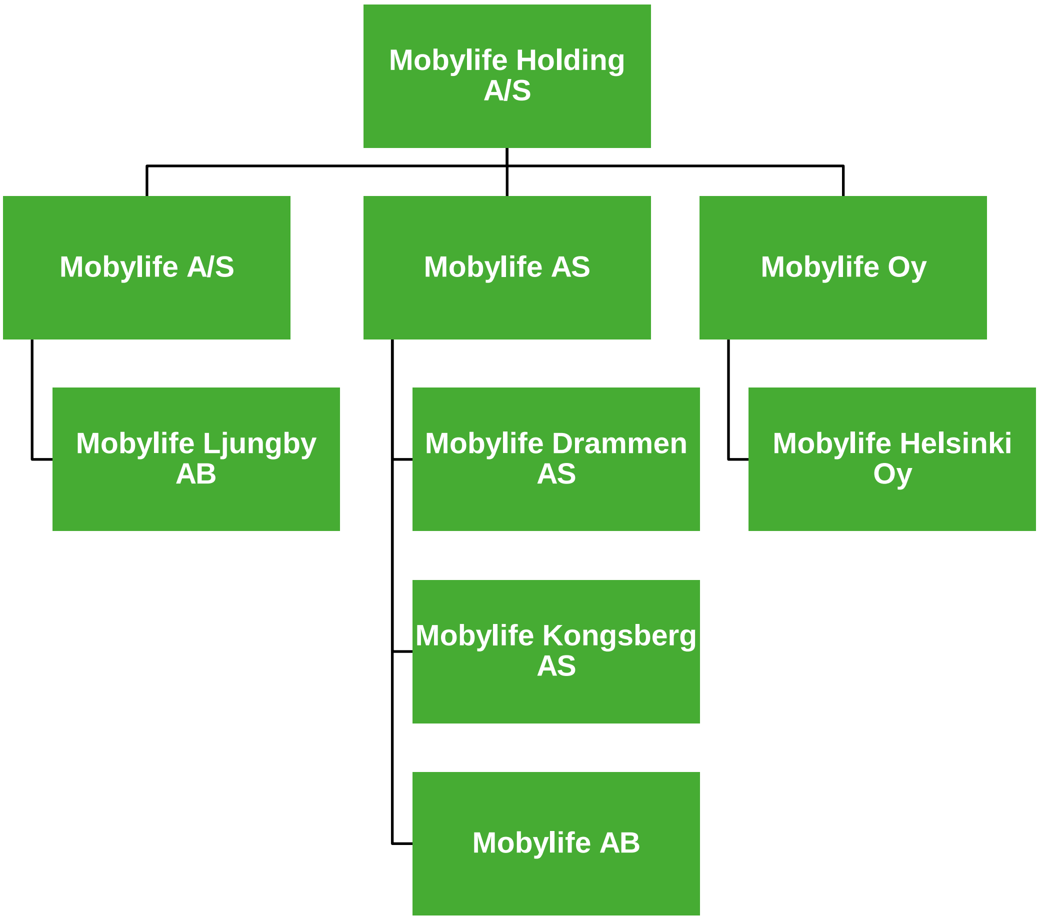
Torben Jensen
State Authorised Public Accountant

Simon Høgenhav
State Authorised Public Accountant

Company Information

The Company	Mobylife Holding A/S Sydmarken 32F, 2 DK–2860 Søborg Telephone: +45 7020 7160 CVR No: 35 25 45 52 Financial period: 1 January - 31 December Municipality of reg. office: Gladsaxe
Board of Directors	Mads Mathias Middelboe, Chairman Vilhelm Eigil Hahn-Petersen Jacob Christian Nielsen Thygesen Peter Ryttergaard
Executive Management	Jakob Holmen Kraglund
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup Cvr nr. 33 77 12 31

Group Chart as of 31 December 2016



Management’s review

The private equity fund CataCap indirectly has a significant stake of Mobylife Group, due to CataCap via CataCap I K/S. CataCap I K/S owns 92.1 % of the parent company Mobylife Holding A/S ("MLH") via CC Orange Invest Aps including part ownership of Mobylife DM Aps.

CataCap is a member of the Danish Venture Capital and Private Equity Association ("DVCA") and subject to comply with the guidelines issued by DVCA available at DVCA's website www.dvca.dk. These guidelines released in June 2008, with subsequent modifications, recommend extended coverage of a number of factors in annual reports, including corporate governance, financial risks, employee relations and strategy.

As a private equity portfolio company MLH therefore follow these recommendations.

Main activity

The main business of the Group is authorised repair of mobile devices and associated services in Denmark, Sweden, Norway and Finland.

MLH has operating activities across the subsidiaries Mobylife A/S, Mobylife AS and Mobylife Oy, which together have production sites in the four Nordic countries.

The Danish operational activities are handled in Mobylife A/S, including the HQ in Søborg (DK).

The Swedish operational activities are handled in Mobylife AB and Mobylife Ljungby AB, where Mobylife AB also handles the majority volume for Mobylife A/S.

The Norwegian operational activities are handled in Mobylife AS, Mobylife Drammen AS and Mobylife Kongsberg AS.

The Finish operational activities are handled in Mobylife Helsinki Oy.

Strategy

In 2016, MLH has initiated significant changes to its business including a completed operational restructuring, financial restructuring, and a new business strategy.

With the operational restructuring MLH has consolidated customers on fewer and stronger repair sites, enabled optimisiation of repair processes, outsourced accounting, payroll and IT, and will during 2017 relocate its HQ function to the Malmö site. The sites in Esbjerg, Kongsberg and Søborg will finally be closed. Through the operational restructuring quality and productivity are expected to improve and overhead costs will be reduced.

With the financial restructuring, MLH has renegotiated a reduction of debt, injected new capital into the company and initiated a restructuring of the legal entities to a more simple and transparent legal structure, reflecting the country structure. The financial restructuring has resulted in a financially stronger company that will be more transparent upon the new legal entity structure.

With the new strategy, MLH is moving services closer to consumers through opening of new walk in shops and new online solutions. This will enable MLH to deliver a better service and take more responsibility for the after sales customer experience on behalf of its direct customers (OEM’s, operators, retailers, insurance companies and businesses). MLH is also developing new products and services which have a synergy with its core repair services such as buy back, logistics, and claims handling services. The new strategy is expected to drive new and better services, more satisfied customers, growth and improved profitability.

Management’s review

The strategy is to maintain and enhance the position as a leader within authorised after sales services for mobile devices in the Nordic region. The strategy was significantly updated during 2016, covering the period 2016-2018.

Mobylife’s strategic focus areas for 2017 will be:

1. Complete operational and financial restructuring
2. Continue optimisation of repair processes
3. Open new authorised walk in service centers
4. Develop new authorised online channel
5. Develop new products and services
6. Improve customer experience

Development in activities and financial position

MLH was established 6 June 2013, and this is the Group's fourth annual report. The subsidiaries which MLH is comprised of have been operating for a number of years.

In 2014 MLH completed two acquisitions creating the largest Nordic mobile device repair organization. During 2015 MLH has maintained the group structure, and completed a re-branding of the entities within the group to the Mobylife name. In 2016 Mobylife has initiated an operational restructuring, a financial restructuring and a new business strategy as a response to changing market conditions.

Revenue in 2016 decreased compared to 2015 impacted by a decline in repair revenue. Revenue from spare parts distribution has been at the same level as in 2015. However, spare parts distribution was increasing in second half of 2015 whereas there was a significant decline in second half of 2016.

Both the financial- and operational restructuring has impacted the financials for 2016, driving extraordinary non-recurring costs related to legal services and close down of a number of repair sites.

The financial restructuring has resulted in amended terms and conditions related to the bond financing. The amended and restated terms and conditions were implemented per 30 December 2016, including DKK 31 million in new equity, 30% write down off the bond debt and extended maturity of the bond until May 2020. The original share capital has been completely replaced in conjunction with the new equity injection.

The amended terms and conditions include an update to the financial covenant related to the bond. There is one financial covenant attached to the bond, NIBD / EBITDA, which has the following maximum targets:

From 31 December 2017: 5.50
From 31 December 2018: 3.50
From 31 December 2019: 3.00

The covenant is tested quarterly, based upon rolling 12 months results. A detailed description of this covenant together with the amended terms and conditions of the bond is to be found on our website under the corporate section. The next covenant test is 31. December 2017.

MLH has in 2014 identified significant errors in the deferred revenue in former Telecare Service A/S, impacting 2014 and previous years. Mobylife Holding A/S has been seeking remedies from the sellers under the warranties contained in the share purchase agreement of this transaction. The claim has reached a settlement agreement in 2016. After the closing of the reporting period the settlement has been completed in 2017.

The reporting period includes 12 months results from all entities within the Mobylife group. Profit for the year was positive, ending at DKK 2.1 million, where EBITDA before Special Items represent positive DKK 18.9 million.

Management's review

FINANCIAL REVIEW

Follow up on previous financial outlook

MLH has changed practice during 2016, and has stopped updating a financial outlook for the year. As part of the financial restructuring initiated and completed in Q4 2016, MLH provided indications for the 2016 result. The outlook for 2016 was DKK 21 million in EBITDA and cash at year end at DKK 12 million.

The EBITDA result for 2016 ended at DKK 19 million, being below the outlook. The negative deviation is caused by a further decrease in spare parts distribution. The negative development on spare parts distribution has changed in the beginning of 2017.

The cash at year end was DKK 24 million, being above the outlook. The temporary positive deviation is caused by different timing of restructuring cost and investments between actual and the outlook, as well as a reduction in overdue receivables. The outlook included all financial restructuring cost to take place in 2016. The delay in the timing of cost was caused by withdrawal of the first written procedure.

Income statement

The experienced volume development in 2016 has been impacted by general market development and development in the customer portfolio. During 1H 2016 Mobylife ended two customer contracts, impacting a decline in repair volume. In addition there has been a market decline in volume.

Revenue

The revenue has been impacted by the volume development, and was in 2016 below the 2015 figures. The repair prices have in general increased due to increased usage of spare parts, and increased complexity of the repairs. The revenue from spare parts distribution has been in line with the 2015 level.

Gross profit

The gross profit for the Group has declined compared to 2015, as a result of decline in repair revenue. The margins within repair have worsened, as a result of the development with increased usage of spare parts on each repair, and additionally spare parts distribution with lower margin represented an increased share of the total revenue.

EBITDA

The operational result, EBITDA, was below 2015, impacted by low volumes and pressure on productivity. The actions around operational and financial restructuring in combination with the new business strategy have been initiated to improve the result going forward. The year of 2016 is a restructuring year, which also the result reflects. As stand alone, the result for 2016 is not satisfactory.

Profit after TAX

The profit after tax has been impacted by extraordinary and nonrecurring cost related to the operational and financial restructuring, in addition to the write down of bond debt providing a positive financial income. As with the EBITDA, the year of 2016 is a restructuring year.

Balance sheet

Consolidated total assets amounted to DKK 465.6 million as at 31 December 2016, which was a decrease of DKK 38.0 million from 31 December 2015. The main drivers of this decrease are the implementation of the amended terms and conditions including new equity and bond write down.

During 2016 there has been business development activities within IT platform and development of new services, which have impacted the investment in non-current assets. The investment level in 2016 has been below 2015.

Management's review

The financial restructuring included a bond write down of 30%. According to IAS 39 this resulted in the bond debt after amortisation to be recognized as a new loan. MLH has decided to recognize the bond debt at amortised cost, and are thus not having a fair market value measurement. For more information see note 15.

Following the implementation of the amended terms and conditions, equity ended at DKK 199.1 million as a result of implementation of the amended and restated terms and conditions including replacement of origin equity.

Covenant

There is no covenant test as of 31 December 2016. The next covenant test will be 31 December 2017.

Outlook 2017

MLH will continue the practice and not provide a numeric financial outlook.

Management expects to improve revenue and especially earnings in 2017, through the restructuring and new strategy, winning new customer contracts, developing new business with existing customers, and improving quality and productivity.

Management expects increasing revenue in 2017 from authorised repair services, compensating for an expected decline in spare parts distribution.

In line with the outlook communicated being part of the financial restructuring, Management expects a significant improved EBITDA level before special items compared to 2016. The assumptions behind this are improvements of revenue through new customers and business development, continuous improvements of quality and productivity, combined with impacts from the operational restructuring activities implemented in 2016.

MLH has successfully entered into new agreements in DK, NO and FI with effect from January 2017, of which three are new customers in NO and FI respectively.

In the expectations for 2017 it is assumed that there are no significant changes in the market repair volume, and that the supply of spare parts for distribution are stabilised.

In the expectations for 2017 it is assumed that there are no changes in the regulation of the repair market, including no introduction of new taxes or duties. Such changes could lead to a change in market dynamics.

In the expectations for 2017 it is furthermore assumed that there are no changes in the law about warranty and guarantee obligations towards end-users. Such a change could lead to a change in the demand for authorized services and repairs.

Changes in exchange rates would impact the results positively or negatively. The outlook for 2017 has been based upon the following exchange rates for 2017.

SEK/DKK = 0.76-0.80
NOK/DKK = 0.82
EUR/DKK = 7.44

Covenant outlook

Compared to the covenant, Management expects to comply with the covenant in 2017.

Management's review

Liquidity and capital resources

The company is exposed to fluctuations in currency and the general bond market. The SEK/DKK exchange rate is assumed to develop from 0.76 to 0.80 during 2017. No changes in EUR/DKK or NOK/DKK are included in the company's expectations for 2016. Fluctuations in these areas will be monitored continuously.

The management together with the Board of Directors regularly assess whether MLH has an adequate capital structure, by assessing the size of the company's interest-bearing debt related to the activities and earnings, and liquidity in general. The capital structure and readiness is considered to be adequate.

Ongoing litigation

MLH was part in litigation towards the sellers of Telecare Service A/S, where MLH was seeking remedies under the SPA. In 2016 the litigation reached a settlement agreement, which in 2017, after the closing of the 2016 reporting period, has been successfully implemented. The agreed settlement will include a termination of the existing vendor note, and a postponement of the escrow account until ultimo 2018.

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors of MLH has adopted a policy of social responsibility, covering Human Rights, Environment and climate, Health and Safety, and Gender diversity.

In this section MLH has included its statutory report on CSR for the financial year 2016 cf Section 99a of the Danish Financial Statements Act ("Lovpligtig redegørelse for samfundsansvar, jf. Årsregnskabslovens § 99a) including additional information about policies, progress made during 2016 and expected activities for 2017.

Working with CSR is an integral part of the way of doing business in MLH, with a continuous focus to produce results. Working with social responsibility is also an essential part of the development of the company's brands and maintaining good relationships with its key stakeholders. During 2016 we have strengthened the relationships with the unions, where more employees now are following the union agreements.

The work and focus on CSR is an essential part of protecting the company's position as customers and consumers must be confident that MLH services are performed in a safe manner in a high quality. Protecting the environment and securing enforcement of human rights also helps to ensure good working relationships with customers and suppliers, increase production efficiency and reduce non-financial risks and strengthen the company's identity and culture.

Human rights

MLH does not tolerate discrimination of its employees due to gender, race or religion. Child and forced labor is not allowed, and MLH endeavors customers and suppliers to comply with this policy.

Employees of MLH have the right freely to organise in trade unions and to strike in accordance with the laws of the countries where MLH operates. In 2016 we have welcomed more close collaboration with unions, and will continue this work into 2017.

Environment and climate

All production sites at MLH are focused on continually reducing the environmental impact of the company's production and must at all times meet regulatory requirements and applicable laws. Most of the replaced parts on mobile phones are thus returned for recycling. The policy was adopted in 2014 and has in 2016 continued across MLH in order to ensure compliance. The focus has been expanded to also include buy back, for recycling and reuse of smartphones.

In addition to the environment, MLH is focused on the climate, by reducing consumption of electricity, and thereby reducing CO_2. During 2016 MLH has completed consolidation of repair activities at fewer sites, leading to reduced CO_2 through reduced consumption of electricity. Furthermore, MLH has moved forward in specific a project covering group wide print facilities, in order to implement an optimization to the business processes and at the same time reducing CO_2 and electricity consumption. It is expected that this new solution will be implemented during 2017.

Management's review

Health and safety

MLH strives to create a safe and healthy working environment, continuously improve work processes internally and to handle all electronic equipment in a responsible, compliant way. It is our priority to ensure that our business activities have the least harmful effect on the environment and that our customers and suppliers understand and support this philosophy. In 2016 we have continued working closely with certified suppliers in order to secure that all electronic equipment is properly reused and recycled in a responsible, compliant way.

Gender diversity

In accordance with Section 99b of the Danish Financial Statements Act, MLH has disclosed its diversity policy and targets.

MLH wants to develop a culture of cooperation involving diverse employee groups with different perspectives and areas of expertise. This will ensure a varied and inspiring approach to the challenges MLH encounter on a daily basis in the business.

MLH focuses on creating equal opportunities for development and influence for employees and management – irrespective of gender. As group policy, MLH aims to select the most qualified candidates for the teams with a view to creating diversity in MLH through a qualified recruitment process, covering all levels of the organisation. During 2016 all recruitments has been evaluated accordingly to this policy.

Traditionally, MLH has had a disproportionate number of men in the technical departments and in management. As MLH believes that a culture of cooperation with diverse groups of employees will generate greater success, MLH will continue actively to encourage gender diversity in the Group.

It is the target for MLH to have at least one female member of the Board of Directors within 2020, and as at 31 December 2016 there was no female member. The Board of Directors will be searching for new members in combination with retirement of an existing member. During 2016 no board member has retired from the position.

Competition

The business practices of MLH should always be in full compliance with competition law wherever it operates.

Bribery

The employees of MLH may neither give nor receive bribes or improper payments to own or the Group's recovery. It has disciplinary consequences if employees are involved in bribery.

Employees

End of 2015 the total number of employees in MLH was 417, represented by 95 in Denmark, 188 in Sweden, 78 in Norway, and 56 in Finland.

At the end of 2016 the total number of employees in MLH was 390 employees, hereof 46 in Denmark, 194 in Sweden, 99 in Norway, and 51 in Finland. The result of the operational restructuring was not fully implemented at 31 December 2016, and the numbers of employees are thus not representing the workforce going forward.

Duties of the Board of Directors, composition and organization

MLH strives to adhere to the principles of Corporate Governance e.g. by securing an ongoing dialogue with its owners and other stakeholders, reporting results on a quarterly basis, and securing an ongoing strategic development process in order to create value for its stakeholders.

The Board of Directors (Board) of the parent company MLH and its subsidiaries ensure that the Executive Management complies with the objectives, strategies and procedures outlined by the Board. Information from the Executive Management of the various companies is provided systematically at meetings and through written and oral, ongoing reporting. This reporting includes market development, the company's development and profitability and financial position.

Management's review

The Board meets according to a set schedule at least 5 times a year. An annual strategy meeting is held where the Group's vision, goals and strategy are determined.

The Board of MLH has decided to take on the audit committee tasks jointly. As a result of this, the chairman of the Board is also the chairman of the audit committee. The Board's decision to take on the audit committee tasks jointly should be viewed in light of the Company's size, transparency of reporting and clear procedures, due to which the Company's Board finds no need for a separate audit committee.

There are not set up board committees, but the Chairmanship consisting of the Chairman and the Deputy Chairman are in close and continuous dialogue with the company's management.

Stakeholders

MLH continuously seeks to develop and maintain good relations with its stakeholders, because such relations are considered to have significant and positive impact on the Group's development.

The main stakeholders are mobile communication device manufacturers, telecom operators, insurance companies, retail chains and other distribution partners. It is the Group's policy to seek a written agreement basis with all close partners.

Critical accounting estimates and assumptions

See note 2.

Management's review

Board composition

Chairman, Mads Middelboe, male, 56 years old, independent board member, appointed by CataCap. Indirect owning 0.4 % of Mobylife Holding A/S. Mr. Middelboe was initially elected chairman of the board of directors in 2013, and is up for election once a year at the annual general meeting.

Mr. Middelboe is a professional board member, management consultant and former CEO of TDC Mobile with special skills in the telecom industry and group management.

Mr. Middelboe is currently serving as chairman of the boards of directors of SAB Holding A/S, Mobylife Holding A/S, Mobylife A/S, Mobylife DK A/S, Mobylife AS, Mobylife Ljungby AB, Mobylife Kongsberg AS, Mobylife Drammen AS, Mobylife AB, Mobylife Helsinki Oy and Mobylife Oy, and a member of the Board of Directors of Løgstrup-Steel A/S, J.O. Informatik ApS, and Wilke Markedsanalyse A/S.

Deputy Chairman Vilhelm Hahn-Petersen, male, 56 years old, non-independent board member, Partner in CataCap. Indirectly owning 1.8 % of Mobylife Holding A/S. Mr. Hahn-Petersen was initially elected a member of the Board of Directors in 2013 and is up for election once a year at the annual general meeting.

Mr. Hahn-Petersen is currently also a partner at CataCap Management A/S., and serves as board member of:

Mobylife Holding A/S, Mobylife DM ApS, Mobylife A/S, Mobylife DK A/S, Mobylife AS, Mobylife Ljungby AB, Mobylife Kongsberg AS, Mobylife Drammen AS, Mobylife AB, Mobylife Helsinki Oy and Mobylife Oy, G.S.V. Holding A/S and G.S.V. Materieludlejning A/S, Lyngsoe Systems Holding A/S and Lyngsoe Systems A/S, Skybrands Holding A/S and Skybrands A/S, CC Oscar Holding I A/S, CC Oscar Holding II A/S, and CASA A/S, CC Explorer Invest ApS, CC Tool Invest ApS, CC Oscar Invest ApS, , and CC Sky Invest ApS, Airhelp Inc. and Capacent A/S, and serves as Executive Management of: MyCo ApS**,** CataCap Management A/S, CataCap DM ApS, CataCap OP ApS**,** CASA ManCo ApS, CC Orange Invest ApS and CC Track Invest ApS**.**

Board-member Jacob Thygesen, male, 51 years old, non-independent board member, owns 0.5 % of Mobylife Holding A/S. Mr. Thygesen was initially elected a member of the Board of Directors in 2013, and is up for election once a year at the annual general meeting.
Mr. Thygesen is currently also an operating partner at CataCap Management ApS, chairman of the board of directors of Alert Systems ApS and a member of the boards of directors of:

Mobylife Holding A/S, Mobylife A/S, Mobylife DK A/S, Mobylife AS, Mobylife Ljungby AB, Mobylife Kongsberg AS, Mobylife Drammen AS, Mobylife AB, Mobylife Helsinki Oy and Mobylife Oy
CataCap Management A/S, Focus Flex Leasing A/S, Nanocore ApS, SAB Holding A/S, Soundboks ApS, Technoinvest A/S, and Tldk Invest ApS.

Board-member Peter Ryttergaard, male, 46 years old, non-independent board member, Partner in CataCap. Indirectly owning 0.5 % of Mobylife Holding A/S. Mr. Ryttergaard was initially elected a member of the Board of Directors in 2013 and is up for election once a year at the annual general meeting.

Mr. Ryttergaard is currently also a partner at CataCap Management A/S, and serves as board member of:

Mobylife Holding A/S, , Mobylife A/S, Mobylife DK A/S, Mobylife AS, Mobylife Ljungby AB,, Mobylife Kongsberg AS, Mobylife Drammen AS, Mobylife AB, Mobylife Helsingki Oy and Mobylife Oy, G.S.V. Holding A/S and G.S.V. Materieludlejning A/S, Handicap-Befordring Holding A/S and Handicap- Befordring A/S, CC Oscar Holding I A/S, CC Oscar Holding II A/S, and CASA A/S, CataCap Management A/S, CC Explorer Invest ApS, CC Tool Invest ApS, CC Oscar Invest ApS, CC Orange Invest ApS, CC Track Invest ApS and CC Sky Invest ApS, Ryttergaard Invest A/S, Kjærulf Pedersen A/S, and serves as Executive Management of: Buldus Ejendomme ApS, Investeringsselskabet af 2712 1985 ApS, CataCap OP ApS, CataCap DM ApS, Mobylife DM ApS, and CASA ManCo ApS.

Management’s review

Statutory statement on Corporate governance, “Årsregnskabsloven §107b”

MLH is following the guidelines on corporate governance issued by DVCA.

The Board assesses the risk picture management present once a year in connection with the preparation of strategy plans and budget. The risk picture is then monitored on an ongoing basis hereafter. The board annually assesses the risk of fraud, and the executive management are continuously monitoring controls hereof.

The Board has in corporation with executive management established a reporting process that includes yearly budget, quarterly outlooks and external reporting, monthly internal reporting and ongoing weekly outlook tracker, including deviation explanations. The external reporting includes income statement, balance sheet, cash flow and selected notes. The internal reporting includes a daily update on operational KPI, weekly update on group volumes, and monthly reporting on P&L, balance sheet, cash flow and liquidity.

In addition to the above, the corporate governance process furthermore includes monthly Chairmanship meetings with Executive Management.

MLH has during 2016 outsourced the accounting team handing Denmark and Sweden. It is the expectation that this will result in improved quality and process optimization.

The Board has assessed the basis for implementing a Whistleblowing policy. Based upon the assessment the Board has chosen to not implement such policy.

Selected business risks are described below in the section "Specific risks".

Specific risks

The Board and management have ongoing dialogue about important issues in the company, including the risks that are considered to affect the company significantly. Below are given the significant risks identified by the ongoing discussion at board meetings of the company.

Market risk

The company services and repairs all standard devices within mobile communication. There is a continuously introduction and marketing of new products and devices into the market, and it is important for the company that it continuously can adapt its operations to the new models.

Risk related to customers

The company's main customers are mobile device manufacturers, telecom operators, retailers and insurance companies. The continued growth has brought new groups of customers to the company which intensifies the need for credit-assessments and follow-up especially towards smaller customers.

Purchase of spare parts

MLH only uses original parts of the respective products and manufacture. Delays in deliveries from suppliers can’t be counteracted by purchases from alternative suppliers. The company is therefore obliged to maintain a minimum stock of all current models.

Management's review

Financial risk

The Group has exposure to foreign exchange risk as a result of the operations in Denmark, Sweden, Norway and Finland. Foreign exchange-, interest rate-, and credit risks arise from commercial relationships and the impact on the issued bond. The company has no major purchases outside the Nordic region or EUR-zone. Billing and purchasing is done predominantly in DKK, SEK, NOK or EUR. MLH has not used financial instruments to hedge against currency fluctuations.

The net interest bearing debt, according to the definition in the amended and restated terms and conditions, as at 31 December, 2016, amounts to DKK 130.5 million.

Events after the reporting period

The following events have occurred after the reporting period, but without any effect on the financial statements as of 31 December 2016:

Mobylife DK A/S has been established as at 2 January 2017. No impact on group result in 2017.

Mobylife AS has sold Mobylife AB to Mobylife Holding A/S as at 1 February 2017. No impact on group result in 2017.

Mobylife Holding A/S has finalized the settlement agreement dealing with arbitration claim towards the previous owners of Telecare Service A/S. Positive impact on MLH result in 2017, DKK 16.9 million as positive financial income.

No other events that could significantly affect the financial statements as of 31 December 2016 have occurred.

Consolidated key figures

	Group			
	2016	2015	2014	2013 * (7 month)
	DKKk	DKKk	DKKk	DKKk
	IFRS	IFRS	IFRS	IFRS
Income Statement				
Net revenue	590,959	615,077	408,363	103,955
EBITDA before special items	18,945	33,917	23,857	-2,081
EBITDA after special items	7,200	27,555	9,464	-6,432
Earnings before interest and tax (EBIT)	-1,919	20,895	5,478	-7,805
EBIT margin %	*-0.3%*	*3.4%*	*1.3%*	*-7.5%*
Other financials, net	1,660	10,068	16,180	-1,668
Profit before tax	-259	30,963	21,658	-9,473
Profit for the year	2,139	14,407	15,666	-7,836
Balance Sheet				
Non-current assets	378,022	370,633	372,605	103,487
Investments in non-current assets	16,207	21,530	22,646	10,024
Total Assets	465,589	503,590	493,317	139,481
Equity	199,141	165,889	112,912	22,820
Net interest-bearing debt	125,892	143,944	204,845	-588
Net working capital	-8,017	-1,899	8,958	-53,462
Cash Flow Statement				
Cash flow from operating activities	8,194	32,476	11,127	16,039
Cash flow from investing activities	-16,207	-21,530	-276,654	-95,716
Cash flow from financing activities	27,241	11,195	345,895	21,681
Financial ratios				
Cash conversion	-10,039	-23,201	48,080	-52,079
Equity ratio	43%	33%	23%	16%
Number of repairs ('000)	926	1,048	1,006	533
Average number of employees	426	486	358	192
Number of employees at year-end	390	418	475	221

The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts (April 2015).

* 2013 figures has been corrected following identification of significant errors in 2014

Income Statements for the Years Ended 31 December 2016 and 2015

		Group		Parent	
	Notes	2016	2015	2016	2015
		DKKk	DKKk	DKKk	DKKk
Revenue	4	**590,959**	**615,077**	**-**	**-**
Production costs		-389,834	-391,878	-	-
Other external costs		-32,067	-32,728	7,469	-782
Gross profit/(loss)		**169,058**	**190,471**	**7,469**	**-782**
Personnel costs	21	-150,113	-156,554	-300	-300
Other operating expenses		-	-	-	-
Depreciation and amortisation of tangible and intangible assets	6/7	-9,119	-6,660	-3,844	-1,697
Write down investments in subsidiaries	10	-	-	-18,588	-66,329
Operating profit/(loss) before special item		**9,826**	**27,257**	**-15,263**	**-69,108**
Special items	5	-11,745	-6,362	-7,096	-2,110
Operating profit/(loss)		**-1,919**	**20,895**	**-22,359**	**-71,218**
Dividend from subsidiaries		-	-	19,728	24,375
Financial income	8	27,009	35,521	25,887	32,445
Financial costs	8	-25,349	-25,453	-20,065	-23,604
Profit before income tax		**-259**	**30,963**	**3,191**	**-38,002**
Income tax expense	9	2,398	-16,556	-451	-2,904
Profit/(loss) for the year		**2,139**	**14,407**	**2,740**	**-40,906**

Statements of Other Comprehensive Income for the Years Ended 31 December 2016 and 2015

	Group		Parent	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
Profit for the year	**2,139**	**14,407**	**2,740**	**-40,906**
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
Exchange rate adjustment relating to foreign entities	-268	-11,430	-	-
Other comprehensive income for the year, net of tax	**-268**	**-11,430**	**-**	**-**
Total comprehensive income for the year	**1,871**	**2,977**	**2,740**	**-40,906**

Statements of Financial Position as at 31 December 2016 and 2015

	Notes	Group		Parent	
		2016	2015	2016	2015
		DKKk	DKKk	DKKk	DKKk
Assets					
Non-current assets					
Goodwill	6	324,982	326,017	-	-
Software under construction	6	3,301	4,762	3,301	4,762
Software	6	36,479	26,022	31,370	21,975
Land and buildings	7	3,251	3,540	-	-
Equipment, furnitures fixtures	7	3,413	4,033	-	-
Leasehold improvements	7	1,364	2,115	-	-
Other receivables		805	882	-	-
Equity interests in subsidiaries	10	-	-	271,266	278,266
Deferred tax assets	9	4,426	3,263	478	-
		378,022	**370,633**	**306,415**	**305,003**
Current assets					
Inventories	11	9,055	9,682	-	-
Trade receivables	12/13	30,092	57,496	-	-
Receivables from group enterprises		-	-	5,408	41,686
Tax receivables		-	827	-	-
Other receivables	13	21,821	26,827	2,065	885
Prepayments		2,645	6,271	427	38
Cash and cash equivalents		23,953	31,853	23,028	88
		87,566	**132,956**	**30,928**	**42,697**
Total assets		**465,589**	**503,590**	**337,343**	**347,700**

Statements of Financial Position as at 31 December 2016 and 2015

		Group		Parent	
	Notes	2016	2015	2016	2015
		DKKk	DKKk	DKKk	DKKk
Equity and liabilities					
Share capital	17	20,921	18,748	20,921	18,748
Other reserves		-12,106	-11,838	11,414	-
Retained earnings		190,326	158,979	122,360	101,826
		199,141	**165,889**	**154,695**	**120,574**
Non-current liabilities					
Bonds	13/14/15	148,783	175,654	148,783	175,654
Vendor loan	13/15/24	16,858	15,422	16,858	15,422
Interest bonds		1,677	-	1,677	-
Finance lease debt	15/20	636	91	-	-
Deferred tax liabilities		35	7,113	-	5,364
		167,989	**198,280**	**167,318**	**196,440**
Current liabilities					
Bonds	13/15	-	1,755	-	1,755
Borrowings, credit institutions		-	52	-	52
Trade payables	13	52,777	63,564	4,594	474
Intercompany debt		-	-	-	27,842
Current income tax liabilities	9	2,877	5,445	6,293	-
Finance lease debt	15/20	426	440	-	-
Other payables	13	34,621	68,166	187	563
Provisions	16	7,759	-	4,256	-
		98,460	**139,422**	**15,330**	**30,686**
Total liabilities		**266,449**	**337,702**	**182,648**	**227,126**
Total equity and liabilities		**465,589**	**503,590**	**337,343**	**347,700**

Statements of Changes in Equity for the Years Ended 31 December 2016 and 2015 - Group

Group

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total equity
		DKKk	DKKk	DKKk	DKKk	DKKk
Balance as at 1 January 2015		10,551	-	-408	102,769	112,912
Profit for the year		-	-	-	14,407	14,407
Other comprehensive income for the year		-	-	-11,430	-	-11,430
Total comprehensive income for the year		10,551	-	-11,838	117,176	115,889
Capital increase		8,197	41,803	-	-	50,000
Balance as at 31 December 2015		**18,748**	**41,803**	**-11,838**	**117,176**	**165,889**
Internal transfer		-	-41,803	-	41,803	-
Balance as at 31 December 2015		**18,748**	-	**-11,838**	**158,979**	**165,889**
Balance as at 1 January 2016		18,748	-	-11,838	158,979	165,889
Profit for the year		-	-	-	2,139	2,139
Other comprehensive income for the year		-	-	-268	-	-268
Total comprehensive income for the year		18,748	-	-12,106	161,118	167,760
Write-off the share capital		-18,748			18,748	-
Capital increase		20,921	10,460	-	-	31,381
Balance as at 31 December 2016		**20,921**	**10,460**	**-12,106**	**179,866**	**199,141**
Internal transfer		-	-10,460	-	10,460	-
Balance as at 31 December 2016		**20,921**	**0**	**-12,106**	**190,326**	**199,141**

Statements of Changes in Equity for the Years Ended 31 December 2016 and 2015 - Parent

Parent

	Notes	Share capital	Share premium	R&D cost reserves	Other reserves	Retained earnings	Total equity
		DKKk	DKKk	DKKk	DKKk	DKKk	DKKk
Balance as at 1 January 2015		10,551	-	-	-	100,929	111,480
Profit for the year		-	-	-	-	-40,906	-40,906
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		10,551	-	-	-	60,023	70,574
Capital increase		8,197	41,803	-	-	-	**50,000**
Balance as at 31 December 2015		**18,748**	**41,803**	**-**	-	**60,023**	**120,574**
Internal transfer		-	-41,803		-	41,803	-
Balance as at 31 December 2015		**18,748**	-	-	-	**101,826**	**120,574**
Balance as at 1 January 2016		18,748	-	-	-	101,826	120,574
Profit for the year		-	-	-	-	2,740	2,740
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		18,748	-	-	-	104,566	123,314
R&D costs reserves 2016, net		-	-	11,414	-	-11,414	-
Write-off the share capital		-18,748	-	-	-	18,748	-
Capital increase		20,921	10,460	-	-	-	31,381
Balance as at 31 December 2016		**20,921**	**10,460**	**11,414**	-	**111,900**	**154,695**
Internal transfer		-	-10,460	-	-	10,460	-
Balance as at 31 December 2016		**20,921**	-	**11,414**	-	**122,360**	**154,695**

Statements of Cash Flows for the Years Ended 31 December 2016 and 2015 - Group

		Group		Parent	
	Notes	2016	2015	2016	2015
		DKKk	DKKk	DKKk	DKKk
Profit/(loss) for the year		2,139	14,407	2,740	-40,906
Adjustments for non-cash transactions	22	5,856	14,798	5,473	61,537
Change in working capital	23	199	3,271	14,867	3,835
Cash flows from operating activities before financial items and tax		**8,194**	**32,476**	**23,080**	**24,466**
Interest paid		-18,637	-21,353	-16,264	-20,832
Interest received		44	-	1,190	1,284
Income tax paid		-8,535	-9,582	-	-
Cash flows from operating activities		**-18,934**	**1,541**	**8,006**	**4,918**
Acquisition of subsidiary, net of cash acquired		-	-	-	-
Purchases of property, plant and equipment		-1,755	-1,134	-	-
Purchases of other intagible assets		-14,452	-20,396	-11,778	-17,269
Raising of finansial fixed assets		-	-	-	-
Dividends received		-	-	-	-
Cash flows from investing activities		**-16,207**	**-21,530**	**-11,778**	**-17,269**
Proceeds from issuance of bonds		-	-	-	-
Proceeds from borrowings		-52	52	-52	52
Proceeds from leasing debt		529	-899	-	-
Repayment of Bonds / borrowings		-	-37,958	-	-37,958
Capital increases		31,381	50,000	31,381	50,000
Capitalized borrowing costs		-4,617	-	-4,617	-
Cash flows from financing activities		**27,241**	**11,195**	**26,712**	**12,094**
Net (decrease)/increase in cash and cash equivalents		**-7,900**	**-8,794**	**22,940**	**-257**
Cash and equivalents at beginning of year		31,853	40,647	88	345
Cash and cash equivalents at end of year		**23,953**	**31,853**	**23,028**	**88**

Index of Notes to the Financial Statements

	Note no,
Summary of significant accounting policies	1
Critical accounting estimates and assumptions	2
Compliance with Financial covenants	3
Revenue	4
Special items	5
Intangible assets	6
Property, plant and equipment	7
Finance income and costs	8
Income tax expense	9
Equity interests in subsidiaries	10
Inventories	11
Trade and other receivables	12
Financial assets and liabilities	13
Financial risk management	14
Borrowings	15
Provisions	16
Share capital and shareholder information	17
Related party disclosures	18
Fee to auditors appointed at the general meeting	19
Commitments and contingent liabilities	20
Employee benefit expense	21
Adjustments for non-cash transactions	22
Change in working capital	23
Events after the reporting period	24

Notes to the Financial Statements

1. Summary of significant accounting policies

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and with the International Financial Reporting Standards as endorsed by EU and additional Danish disclosure requirements.

New standard, amendments and interpretations not yet adopted
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15. Mobylife expects to implement the standard when it becomes effective.
- IFRS 16 'The IASB has published IFRS 16 Leases, which amends the rules for lessee's accounting treatment of operating leases. In future, operating leases must therefore be recognised in the balance sheet as lease assets and similar lease liabilities. The standard has not yet been adopted by the EU and will become effective for financial years beginning on or after 1 January 2019. Mobylife expects to implement the standard when it becomes effective. Mobylife is in the process of examining the effect of the standard, which cannot yet be calculated.
- IFRS 9 'Financial Instruments. The standard replaces IAS 39, Financial instrument, recognition and measurement. It has three classification categories for debt instruments: amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL'). Classification under IFRS 9 for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ('SPPI'). Equity investments which do not form part of the trading portfolio can be irrevocable designated at fair value through other comprehensive income. Further, a new impairment model for debt instruments not measured at fair value through profit or loss, based on expected losses. A new hedge accounting model is introduced under which the qualifying criteria are adjusted so as to better align with risk management practices. Mobylife expects to implement the standard when it becomes effective. Mobylife is in the process of examining the effect of the standard, which cannot yet be calculated. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Consolidation
Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Notes to the Financial Statements

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Foreign currency translation
Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The financial statements are presented in Danish Kroner (DKK), which is the Group's presentation currency. The financial statements have been rounded to the nearest thousand.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses are presented in the income statement within "finance income or costs".

Group companies
The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) Income and expenses for each income statement are translated at average exchange rates; and
c) All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

Balance sheet

Fixed assets
Fixed assets are mainly comprised of land and buildings and plant and machinery, which are measured at cost less accumulated depreciation, and any impairment losses.

The cost is comprised of the acquisition price and direct costs related to the acquisition until the asset is ready for use.

Notes to the Financial Statements

Depreciation, which is stated at cost net of any residual value, is calculated on a straight-line basis over the expected useful lives of the assets, which are as follows:

Leasehold improvements	5 years or the lease term if shorter
Equipment, furniture and fixtures	3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement when the impairment is identified.

Intangible assets
Goodwill
The carrying amount of goodwill relates to strategic acquisitions.

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGU's, or groups of CGU's, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The Carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Impairment of non-financial assets
Intangible assets that have an indefinite useful life (Goodwill) are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) is reviewed for possible reversal at each reporting date.

Development projects
Development projects are measured at cost less accumulated depreciation, and any impairment losses.

The cost is comprised of the acquisition price and direct costs related to the acquisition until the asset is ready for use.

Notes to the Financial Statements

Depreciation, which is stated at cost net of any residual value, is calculated on a straight-line basis over the expected useful lives of the assets, which are as follows:

Software projects	7 years
Brand	7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement when the impairment is identified.

Equity interests in subsidiaries in the parent company
In the separate financial statements of the parent company Mobylife Holding A/S, equity interests in subsidiaries are recognized and measured at cost. Equity interests in foreign currencies are translated to the reporting currency by use of historical exchange rates prevailing at the time of investment. The cost is written down to the recoverable amount if this is lower.

Distributions from the investment are recognized as income when declared. An impairment test is performed if a distribution exceeds the current period's comprehensive income or the subsidiary exceeds the carrying amount of the net assets of the subsidiary in the consolidated financial statements.

Financial assets
Classification
The Group classifies its financial assets in the following categories; Loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet.

Trade receivables
Trade receivables are amounts due from customers for services performed in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, which generally corresponds to nominal value less provision for bad debts.

The provision for bad debts is calculated on the basis of an individual assessment of each receivable including analysis of capacity to pay, creditworthiness, and historical information on payment patterns and doubtful debts.

Prepayments include expenditures related to a future financial year. Prepayments are measured at nominal value.

Cash and cash equivalents
In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts.

In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Notes to the Financial Statements

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and raw materials and consumables comprises purchase price and other direct costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Share capital
Ordinary shares are classified as equity.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently at amortised cost. The carrying amount of trade payables corresponds essentially to fair value.

Financial liabilities at fair value through profit or loss
At 31 of December 2016, Financial liabilities at fair value through profit or loss include derivatives.

As of 31 December 2015, the group's outstanding bonds were designated as at fair value through profit or loss. After renegotiation of the bonds resulting in derecognition of the original bonds and recognition of a new liability these have been classified as financial liabilities at amortized cost.

Financial liabilities at fair value through profit or loss are initially measured at fair value. Transaction costs are recognized as an expense.

Borrowings
Borrowings including bonds are as of 31. December 2016 recognised initially at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Fees paid to establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Current and deferred income tax
Income tax, which consists of current tax and the adjustment of deferred taxes for the year, is recognised in the income statement to the extent that the tax is attributable to the net result for the year. Tax attributable to entries directly related to shareholders' equity is recognised in other comprehensive income.

Current tax liabilities include taxes payable based on the expected taxable income for the year and any adjustments to prior year's tax expense as recorded in the income statement. Any current tax liabilities are recognised in "Trade and other payables" in the balance sheet.

Any prepaid taxes are recognised in "Trade and other receivables" in the balance sheet.

Deferred tax is calculated in accordance with the tax regulations and current tax rates in the individual countries. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Deferred tax assets resulting in temporary differences, including the tax value of losses to be carried forward, are recognised only to the extent that it is probable that future taxable profit will be available against which the differences can be utilized.

Mobylife Holding A/S recognizes deferred tax assets, including the tax base of tax loss carry-forwards, if management assesses that these tax assets can be offset against positive taxable income within a foreseeable future. This judgement is made on an ongoing basis and is based on budgets and business plans for the coming years, including planned commercial initiatives.

Notes to the Financial Statements

Profit and loss

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods

Sales of goods are recognized when a group entity sells a product to the customer and risk and rewards have transferred to the customer. Sales are usually by bank transfer from the customer.

Sales of services

The Group sells repair and service of mobile phones or devices with a very short repairmen period (a few days). For sales of services, revenue is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Dividend income

Dividend income is recognized when the right to receive payment is established.

Leases

Operating leases

Lease contracts, where the lessor retains the significant risk and rewards associated with the ownership of the asset, are classified as operating leases.

Lease payments under operating leases are recognised in the income statement over the lease term. The total lease commitment under operating leases is disclosed in the notes to the financial statements.

Finance leases

Lease contracts, which in all material respects transfer the significant risk and rewards associated with the ownership of the asset to the lessee, are classified as finance lease. Assets treated as finance leases are recognised in the balance sheet at the inception of the lease term at the lower of the fair value of the asset or the net present value of the future minimum lease payments. A liability equalling the asset is recognised in the balance sheet. Each lease payment is separated between a finance charge, recorded as a financial expense, and a reduction of the outstanding liability.

Assets under finance leases are depreciated in the same manner as owned assets and are subject to regular reviews for impairment.

Notes to the Financial Statements

Special items

Special items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Contingent assets and liabilities

Contingent assets and liabilities are assets and liabilities that arose from past events but whose existence will only be confirmed by the occurrence or non-occurrence of future events that are beyond the Group's control.

Contingent assets and liabilities are not to be recognised in the financial statements, but are disclosed in the notes.

Statement of cash flow

The Statement of Cash Flows is presented using the indirect method. The Statement of Cash Flows shows cash flows used in operating activities, cash flows used in investing activities, cash flows from financing activities, and the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows used in operating activities is comprised of net profit or loss for the year adjusted for non-cash items, such as share based payment expense, fair value revaluations of shareholder warrants, depreciations, paid financial items, corporate tax paid, and change in working capital.

Cash flows used in investing activities is comprised of payments relating to property, plant and equipment.

Cash flows from financing activities are comprised of proceeds from borrowings, such as interest-bearing convertible loans, and proceeds from share issuances and related transaction costs.

Notes to the Financial Statements

2. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated impairment of goodwill
The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Goodwill amounts to DKKk 324,982 (2015: DKKk 326,017) and no impairment losses has been recognised in 2016, 2015 or 2014. Uncertainty and sensitivity are disclosed in note 4.

Notes to the Financial Statements

3. Compliance with Financial covenants

Under the agreement on amended terms for the bonds, the required Net Debt to EBITDA ratio threshold is 5.50 at 31 December 2017 and 3.50 at 31 December 2018, and 3.00 at 31 December 2019.

Management has prepared a budget for 2017 and a projection for the years there after, which show that the Group will comply with the Net Debt to EBITDA ratio threshold at 31 December 2017, and going forward.

The expected Net Debt to EBITDA ratio at 31 December 2017 is within the threshold of 5.50.

The compliance with Net Debt to EBITDA ratio is sensitive to fluctuations in EBITDA for 2017 and Net Debt at 31 December 2017.

The Board of Directors will together with Executive Management continue to monitor the development in EBITDA and Net Debt.

Notes to the Financial Statements

4. Segment, revenue and assets information

Segment

The Executive Management is the group's chief operating decision-maker. Management has determined the single operating segment based on the information reviewed by strategic steering committee for the purposes of allocating resources and assessing performance.

The Executive Management operates the company as a whole based upon centralized decision making across the various production sites. Therefore management has assessed that the group only has one segment.

Revenue, Geographical information

Revenue disclosures - 2015

	Denmark	Sweden	Norway	Finland	Group
	DKKk	DKKk	DKKk	DKKk	DKKk
Revenue	67,194	202,188	128,446	217,249	615,077

Revenue disclosures - 2016

	Denmark	Sweden	Norway	Finland	Group
	DKKk	DKKk	DKKk	DKKk	DKKk
Revenue	37,789	172,190	162,590	218,390	590,959

Revenue

	Group		Parent	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
Sales of services	427,760	452,234	-	-
Sales of goods	163,199	162,843	-	-
Total revenue	590,959	615,077	-	-

One customer accounts for DKK 61.8 million (2015 DKK 78.4 million) or 10.6% (2015 12.7%) of total turnover in 2016.

Notes to the Financial Statements

4. Segment, revenue and assets information

Assets, Geographical information

Assets disclosures - 2015

	Denmark	Sweden	Norway	Finland	Group
	DKKk	DKKk	DKKk	DKKk	DKKk
Intangible assets	352,568	-	4,047	187	356,802
Tangible assets	2,214	6,222	339	912	9,687

Assets disclosures - 2016

	Denmark	Sweden	Norway	Finland	Group
	DKKk	DKKk	DKKk	DKKk	DKKk
Intangible assets	359,466	-	5,109	187	364,762
Tangible assets	1,721	4,733	810	765	8,028

Notes to the Financial Statements

5. Special items

Cost items that are material either because of their size or their nature, or that are non-recurring are considered as special items.

An analysis of the amount presented as special item in these financial statements is given below.

	Group		Parent	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
Operating items:				
Transaction costs, Mobylife Holding AS	-	-510	-	-510
Transaction costs, Mobylife OY	-	-510	-	-510
Non-recurring: Bond prospect and waivers	-	2,126	-	2,126
Non-recurring: IFRS conversion and accounting costs	-	1,658	-	-
Non-recurring: Re-organization	8,429	2,594	3,780	-
Non-recurring: Branding	-	270	-	270
Non-recurring: Ongoing litigation	3,316	734	3,316	734
	11,745	**6,362**	**7,096**	**2,110**

Notes to the Financial Statements

6. Intangible assets

Group	Goodwill	Software under construction	Software	Total
	DKKk	DKKk	DKKk	DKKk
Cost				
As at december 2014	**337,905**	**11,166**	**1,872**	**350,943**
Exchange differences	-	-	-123	-123
Acquisition of subsidiary	-	-	-	-
Transfer	-	-11,166	11,166	-
Additions	-	4,762	15,634	20,396
As at 31 December 2015	**337,905**	**4,762**	**28,549**	**371,216**
Accumulated amortization and impairment				
As at december 2014				
Exchange differences	-11,888	-	-	-11,888
Impairment charge	-	-	-	-
Amortization charge	-	-	-2,527	-2,527
As at 31 December 2015	-11,888	-	**-2,527**	**-14,415**
Net Book value	**326,017**	**4,762**	**26,022**	**356,801**

Group	Goodwill	Software under construction	Software	Total
	DKKk	DKKk	DKKk	DKKk
Cost				
As at december 2015	**326,017**	**4,762**	**28,549**	**359,328**
Exchange differences	-1,035	-	253	-782
Acquisition of subsidiary	-	-	-	-
Transfer	-	-4,762	4,762	-
Additions	-	3,301	11,151	14,452
As at 31 December 2016	**324,982**	**3,301**	**44,715**	**372,998**
Accumulated amortization and impairment				
As at december 2015	**-**	**-**	**-2,527**	**-2,527**
Exchange differences	-	-	-53	-53
Impairment charge	-	-	-	-
Amortization charge	-	-	-5,656	-5,656
As at 31 December 2016	**0**	**0**	**-8,236**	**-8,236**
Net Book value	**324,982**	**3,301**	**36,479**	**364,762**

Depreciation, amortization and impairments are included in the income statement as follows:	2016	2015
	DKKk	DKKk
Depreciation and amortisation	-5,656	-2,527
	-5,656	**-2,527**

Notes to the Financial Statements

6. Intangible assets

Parent	Goodwill	Software under construction	Software	Total
	DKKk	DKKk	DKKk	DKKk
Cost				
As at december 2014	**-**	**11,166**	**26**	**11,192**
Exchange differences	-	-	-	-
Acquisition of subsidiary	-	-11,166	11,166	-
Additions	-	4,762	12,480	17,242
As at 31 December 2015	-	**4,762**	**23,672**	**28,434**
Accumulated amortization and impairment				
As at december 2014	-	-	-	-
Impairment charge	-	-	-	-
Amortization charge	-	-	-1,697	-1,697
As at 31 December 2015	-	-	-1,697	-1,697
Net Book value	**-**	**4,762**	**21,975**	**26,737**

Parent	Goodwill	Software under construction	Software	Total
	DKKk	DKKk	DKKk	DKKk
Cost				
As at december 2015	**-**	**4,762**	**23,672**	**28,434**
Acquisition of subsidiary	-	-	-	-
Transfer	-	-4,762	4,762	-
Additions	-	3,301	8,477	11,778
As at 31 December 2016	-	**3,301**	**36,911**	**40,212**
Accumulated amortization and impairment				
As at december 2015	-	-	-1,697	-1,697
Impairment charge	-	-	-	-
Amortization charge	-	-	-3,844	-3,844
As at 31 December 2016	-	-	**-5,541**	**-5,541**
Net Book value	**-**	**3,301**	**31,370**	**34,671**

Depreciation, amortization and impairments are included in the income statement as follows:	2016	2015
	DKKk	DKKk
Depreciation and amortisation	-3,844	-1,697
	-3,844	**-1,697**

Notes to the Financial Statements

6. Intangible assets

Impairment test for goodwill

Management monitors goodwill for the Mobylife Group as a whole. Therefore the impairment test of goodwill is performed for the Group as a whole, which is also the way managements reviews the results of the Group.

The recoverable amount of the CGU has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budget and outlook approved by management covering a ten-year period. Cash flows beyond the ten-year period are extrapolated using the estimated growth rates.

For the CGU the key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows. The allocation of goodwill to CGU's is also summarized in the table.

Information and assumptions 2016	2016	2015
	DKKk	DKKk
Goodwill	324,982	326,017
Revenue volume (% annual growth rate)	4.7%	2.3%
Gross margin (% of revenue)	30.6%	31.0%
Annual capital expenditure	14,719	8,000
WACC (pre TAX)	9.8%	12.2%
Long term growth rate	2.0%	2.0%

Revenue volume is the average annual growth rate over the ten-year forecast period. It is based on past performance and management's expectations of market development. Gross margin is the average margin as a percentage of revenue over the ten-year forecast period. It is based on the current sales margin levels and sales mix.

The result includes other operating costs, which are the fixed costs of the CGU and do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business following the initated organisational restructurring, adjusting for inflationary increases. The amounts disclosed above are the average operating costs for the ten-year forecast period.

The management expects a significant improved EBITDA level before special items in 2017 compared to 2016. The assumptions behind this are improvements of revenue through new customers and business development, continuous improvements of quality and productivity, combined with impacts from the operational restructuring activities implemented in 2016. The expected net EBITDA impact from expanding the customer portolio is within DKKk 7.500 - 15.000, where reorganisations is expected to add DKKk 5.000 - 10.000 in EBITDA. MLH has consolidated repair volumes at fewer sites in Q4 2016, and effects from the operational restructuring will be present early in 2017.MLH has successfully entered into new agreements in DK, NO and FI with effect from January 2017, of which three are new customers in NO and FI respectively.

The investment need has been identified based upon requirements for tools and IT development as permanent drivers.

The key business drivers are repair volumes, repair efficiency and spare parts distribution. Repair volumes are expected to increase in 2017, and repair efficiency to improve following productivity optimization. The availability spare parts for distribution is expected to be at a lower level than in 2016, based upon the market decline during 2nd half of 2016. Any reasonable possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value.

Notes to the Financial Statements

7. Property, plant and equipment

	Land and buildings	Leasehold improvements	Equipment, furnitures and fixtures	Total
	DKKk	DKKk	DKKk	DKKk
Group				
Cost	3,647	3,708	11,609	18,964
Accumulated depreciation	-87	-1,165	-5,358	-6,610
Net book amount year ended 31 December 2014	**3,560**	**2,543**	**6,251**	**12,354**
Opening net book amount	3,560	2,543	6,251	12,354
Exchange differences	143	41	60	244
Reclassifications	-	-	-	
Acquisition of subsidiary	-	-	-	-
Additions	-	675	1,126	1,801
Disposals	-	-	-943	-943
Depreciation charge	-163	-1,144	-2,736	-4,043
Depreciation on disposals	-	-	275	275
Closing net book amount at 31 December 2015	**3,540**	**2,115**	**4,033**	**9,687**
Group				
Cost	3,790	4,424	11,852	20,066
Accumulated depreciation	-250	-2,309	-7,819	-10,378
Net book amount year ended 31 December 2015	**3,540**	**2,115**	**4,033**	**9,688**
Opening net book amount	3,540	2,115	4,033	9,688
Exchange differences	-172	-58	-63	-293
Reclassifications	-	-	-	-
Acquisition of subsidiary	-	-	-	-
Additions	-	476	2,072	2,548
Disposals	-	-	-793	-793
Depreciation charge	-117	-1,169	-2,190	-3,476
Depreciation on disposals	-	-	354	354
Closing net book amount at 31 December 2016	**3,251**	**1,364**	**3,413**	**8,028**
Cost	3,618	4,842	13,068	21,528
Accumulated depreciation	-367	-3,478	-9,655	-13,500
Net book amount	**3,251**	**1,364**	**3,413**	**8,028**

Depreciation, amortization and impairments are included in the income statement as follows:	2016	2015
	DKKk	DKKk
Depreciation and amortisation	-3,476	-4,043
	-3,476	-4,043

The group leases various vehicles under noncancellable finance lease agreements. The lease terms are between 1 and 5 years. The book value af finance lease amounts to DKKk 1,096 as at 31 December 2016, and DKKk 618 as at 31 December 2015.

Notes to the Financial Statements

8. Finance income and costs

	Group		Parent	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
Interest expense:				
-Bank borrowings	-1,207	-16	-6	-
-Interest bonds	-16,634	-19,277	-16,634	-19,277
-Amortisation cost	-	-	-	-
-Vendor loan	-1,436	-1,313	-1,436	-1,313
-Finance lease liabilities	-42	-56	-	-
-Other interest expenses	-247	-463	-547	-242
Net foreign exchange loss on financing activities	-5,783	-4,328	-1,442	-2,772
Finance costs	**-25,349**	**-25,453**	**-20,065**	**-23,604**
Finance income:				
-Interest income on short-term bank deposits	44	64	-	-
-Fair value adjustments - bonds	22,255	25,018	22,255	25,018
- Gain on bonds repurchase	-	6,085	-	6,085
Net foreign exchange gains on financing activities	4,710	4,354	2,442	58
-Interest income on loans to related parties	-	-	1,190	1,284
Finance income	**27,010**	**35,521**	**25,887**	**32,445**
Net finance income/(costs)	**1,661**	**10,068**	**5,822**	**8,841**
Financial income (P&L):				
Interest received	44	64	1,190	1,284
Fair value adjustments - bonds	22,255	25,018	22,255	25,018
- Gain on bonds repurchase	-	6,085	-	6,085
Foreign exchange differences	4,710	4,354	2,442	58
	27,009	**35,521**	**25,887**	**32,445**
Financial cost (P&L):				
Interest expenses	-19,566	-21,125	-18,623	-20,832
Foreign exchange losses	-5,783	-4,328	-1,442	-2,772
	-25,349	**-25,453**	**-20,065**	**-23,604**
Net finance income/(costs)	**1,660**	**10,068**	**5,822**	**8,841**

Notes to the Financial Statements

9. Income tax expense

	Group		Parent	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
Current tax:				
Current tax on profits for the year	-5,843	-6,407	-6,293	-
Adjustments in respect of prior years	-	-	-	-
Total current tax	**-5,843**	**-6,407**	**-6,293**	-
Deferred tax:				
Origination and reversal of temporary differences	10,841	-598	8,442	-645
Write down of tax assets	0	-7,155	-	-
Tax loss carry forward	0	-27	-	-
Tax loss carry forward	-2,600	-2,369	-2,600	-2,259
Total deferred tax	**8,241**	**-10,149**	**5,842**	**-2,904**
Income tax expenses for the period	**2,398**	**-16,556**	**-451**	**-2,904**

A reconciliation of income tax/expense at the statutory rate of Mobylife Holding A/S effective tax rate is as follows:

	Group 2016	Group 2015	Parent 2016	Parent 2015
Profit before tax	**-259**	**30,963**	**3,191**	**-38,002**
Computed 22.0% (23.5%)	**57**	**-7,276**	**-702**	**8,930**
Tax calculated at domestic tax rates applicable to profits in the respective countries				
Tax effects of:				
-Expenses not deductible for tax purposes	2,381	522	251	-15,349
Non-taxable income	-	-	-	5,728
-Adjustments in respect of prior years	-40	-	-	-
Write down of tax assets	-	-7,155	-	-
Re-measurement of deferred tax – change in –land- tax rate	-	-278	-	46
Adjustment in respect of prior years	-	-2,369	-	-2,259
Tax charge	**2,341**	**-9,280**	**251**	**-11,834**
Income tax expenses for the period	**2,398**	**-16,556**	**-451**	**-2,904**

Significant components of the deferred tax asset are as follows:

	Group 2016	Group 2015	Parent 2016	Parent 2015
Operating items:				
Tax deductible losses	2,523	8,024	2,523	5,124
Other temporary differences	1,868	-11,874	-2,045	-10,488
Total deferred tax	**4,391**	**-3,850**	**478**	**-5,364**
Deferred tax asset	4,426	3,263	478	-
Deferred tax liability	-35	-7,113	-	-5,364
Total deferred tax	**4,391**	**-3,850**	**478**	**-5,364**

Notes to the Financial Statements

10. Equity interests in subsidiaries

Mobylife Holding A/S (parent company) holds investments in the following subsidiaries:

Name	Domicile	Share-capital		Ownership and votes 2016	Ownership and votes 2015
Mobylife A/S	Søborg, Denmark	DKKk	600	100%	100%
Mobylife Ljungby AB	Ljungby, Sweden	SEKk	100	100%	100%
Mobylife Holding AS	Kongsberg, Norway	NOKk	10,000	100%	100%
Mobylife Drammen AS	Drammen, Norway	NOKk	1,000	100%	100%
Mobylife Kongsberg AS	Kongsberg, Norway	NOKk	1,000	100%	100%
Mobylife AB	Malmø, Sweden	SEKk	102	100%	100%
Mobylife OY	Helsinki, Finland	EURk	2.5	100%	100%
Mobylife Helsinki Oy	Helsinki, Finland	EURk	0.2	100%	100%

Investments in subsidiaries are subject to a yearly assessment by the group's management for impairment indications and, if necessary, an impairment test is carried out.

	Parent	
	2016	2015
	DKKk	DKKk
Opening balance	344,595	344,595
Additions for the year	-	-
Cost per December 31	**344,595**	**344,595**
Impairment per January 1	-66,329	-
Impairment for the year	-7,000	-66,329
Impairment per December 31	**-73,329**	**-66,329**
Carrying amount per December 31	**271,266**	**278,266**

Impairment equity interests in subsidiaries

Management has tested the subsidiary Mobylife A/S for impairment based on as value-in-use test, due to a negative equity in the subsidiary and an expected cash flow from the subsidiary of DKK 0 in the budget period. The impairment test has resulted in impairment of DKK 7 mio (DKK 66 mio.) and has been based on a WACC of 9.8% (12.2%). The recoverable amount from the subsidiary are expected to be DKK 0 (DKK 7 mio.).

Further a write down of intercompany receivables amounting to DKKk 11,588 has been carried out at year end 2016. Total write downs amounts to DKKk 18,588.

All subsidiaries are included in the consolidation. The proportion of the voting rights in the subsidiaries held directly by the parent company do not differ from the proportion of the ordinary shares held.

There are no significant restrictions.

Notes to the Financial Statements

11. Inventories

	Group		Parent	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
Raw materials and supplies	11,098	11,356	-	-
Finished goods	-	-	-	-
Total inventories	**11,098**	**11,356**	**-**	**-**
Less: provision for inventory reserves	-2,043	-1,674	-	-
Total net inventories	**9,055**	**9,682**	**-**	**-**

Provision for inventory reserves				
1 January	-1,674	-3,964	-	-
Additions / Disposals	-369	2,290	-	-
31. December	**-2,043**	**-1,674**	**-**	**-**

The consumption of goods and servics was in 2016 DKK 390 million, compared to DKK 392 million in 2015. The inventory level is below one month usage.

The provision for inventory reserves comprise of general reserves on slow moving items.

Notes to the Financial Statements

12. Trade and other receivables

	Group		Parent	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
Movement on the Group provision for impairment of trade receivables are as follows:				
Opening balances	684	680	-	-
Allowances during the year	577	-2	-	-
Write-offs during the year	-9	77	-	-
Reversed allowances	-93	-71	-	-
At 31 December	**1,160**	**684**	**-**	**-**
Allocation of overdue net receivables (not written off) by maturity period are as follows:				
Up to 30 days	2,346	12,849	-	-
Between 31 and 90 days	2,611	9,605	-	-
Between 91 and 365 days	4,091	5,113	-	-
Overdue net receivables at 31 December	**9,048**	**27,567**	**-**	**-**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

Notes to the Financial Statements

13. Financial assets and liabilities

The Group has recognised the following categories of financial assets and liabilities:

	2016		2015	
	Carrying Amount	Fair value	Carrying Amount	Fair value
	DKKk	DKKk	DKKk	DKKk
Financial assets				
Loans and receivables:				
Trade receivables	30,092	30,092	57,496	57,496
Other receivables	21,821	21,821	26,827	26,827
Cash and equivalents	23,953	23,953	31,853	31,853
Total	**75,866**	**75,866**	**116,176**	**116,176**
Financial liabilities at amortised cost				
Interest-bearing bonds	148,783	153,400	-	-
Vendor loan	16,858	16,858	15,422	15,422
Trade payables	52,777	52,777	63,564	63,564
Other payables	34,621	34,621	68,166	68,166
Total	**253,039**	**257,656**	**147,152**	**147,152**
Financial liabilities at fair value				
Interests-bearing bonds	-	-	230,366	175,654
Total	**-**	**-**	**230,366**	**175,654**

The financial restructuring completed December 2016 included a 30% write down of the bond debt. Following the significant change in nominal debt, the bond debt is treated as a new loan, and has been recognized at amortised cost. The outstanding nominal value of the interest-bearing bonds is SEK 197.4 mio, which at 31 December 2016 was DKK 153.4 mio. Capitalized borrowing cost of DKK 4.6 mio has hereafter been deducted.

Due to the fact that the bond debt was reconstructed 30 December 2016, Management assess that the fair value of the Bond at 31 December 2016 was the nominal value.

Notes to the Financial Statements

14. Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (currency and interest risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

The Financial risks of the group are managed centrally. The overall risk management guidelines and policies have been approved by the board of directors. Group treasury identifies and evaluates in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

<u>Foreign exchange risk</u>

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the SEK, NOK and Euros. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Increases or decreases in the exchange rate of such foreign currencies against the functional currency, the DKK, can affect the group's results and cash position negatively or positively.

At 31 December 2016, if the DKK had weakened/strengthened by 5% against the EUR with all other variables held constant, the recalculated post-tax profit for the year would have been DKKk 241 (2015: DKKk 208) lower/higher and for the Equity DKKk 561 (2015: DKKk 321), mainly as a result of foreign exchange gains/losses on translation of EUR-denominated trade receivables and foreign exchange losses/gains on translation of EUR-denominated borrowings.

At 31 December 2016, if the DKK had weakened/strengthened by 5% against the SEK with all other variables held constant, the recalculated post-tax profit for the year would have been DKKk 5,207 (2015: DKKk 9,088) lower/higher and for the Eqiuty DKKk 6,028 (2015: DKKk 9,394), mainly as a result of foreign exchange gains/losses on translation of SEK-denominated trade receivables and foreign exchange losses/gains on translation of SEK-denominated borrowings.

At 31 December 2016, if the DKK had weakened/strengthened by 5% against the NOK with all other variables held constant, the recalculated post-tax profit for the year would have been DKKk 253 (2015: DKKk 624) lower/higher and for the Equity DKKk 486 (2015: DKKk 815), mainly as a result of foreign exchange gains/losses on translation of NOK-denominated trade receivables and foreign exchange losses/gains on translation of EUR-denominated borrowings.

<u>Interest rate risk</u>

The group's interest rate risk arises from long-term borrowing related to the Bond. Borrowings issued at variable rates expose the group to cash flow interest rate risk, which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The group policy is to not obtain any additional long term borrowing, than the existing bond debt. The variable amount in the interest rate is fixed against STIBOR.

At 31 December 2016, if STIBOR rates on SEK-denominated borrowings had been 1 percent point higher/lower with all other variables held constant, the recalculated post-tax profit for the year would have been DKKk 1,729 (2015: DKKk 1,996) lower/higher and for the Equity DKKk 1,729 (2015: DKKk 1,996), mainly as a result of higher/lower interest expense on floating rate borrowings.

Notes to the Financial Statements

14. Financial risk management

Credit risk

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. For customers individua risk limits are set based on internal or external ratings in accordance with limits set y the board. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecasts of the group’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) or any of its borrowing facilities. Such forecasting takes into consideration the group’s debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

The table below analyses the group’s non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At December 31, 2015	Less than 3 month	Between 3 month and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	DKKk	DKKk	DKKk	DKKk	DKKk	DKKk
Borrowings (ex finance lease liabilities)	1,755	16,702	16,702	235,420	-	270,578
Vendor loan	-	1,118	1,118	15,422	-	17,658
Finance lease liabilities	46	304	181	-	-	531
Trade payables	63,564	-	-	-	-	63,564
Other payables	32,694	7,739	19,730	8,002	-	68,165
Total	**98,059**	**25,863**	**37,731**	**258,844**	**-**	**420,496**
At December 31, 2016						
Borrowings (ex finance lease liabilities)	-	2,780	11,121	176,569	-	190,470
Vendor loan	-	-	16,858	-	-	16,858
Finance lease liabilities	176	529	636	-	-	1,341
Trade payables	52,777	-	-	-	-	52,777
Other payables	34,621	-	-	-	-	34,621
Total	**87,574**	**3,309**	**28,615**	**176,569**	**-**	**296,067**

Notes to the Financial Statements

14. Financial risk management

Capital management

The Group has exposure to foreign exchange risk as a result of the operations in Denmark, Sweden, Norway and Finland. Foreign exchange-, interest rate-, and credit risks arise from commercial relationships and the impact on the issued bond. The company has no major purchases outside the Nordic region or EUR-zone. Billing and purchasing is done predominantly in DKK, SEK, NOK or EUR. MLH has not used financial instruments to hedge against currency fluctuations.

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The board of directors monitors the share and capital structure to ensure that Mobylife Holding A/S' capital resources support the strategic goals, and the covenant attached to the bond. This is done by monitoring Net interest bearing debt in relation to EBITDA, on a rolling 12 months basis. The covenant maximum levels are
From 31/12-2017: NIBD / EBITDA = 5.50
From 31/12-2018: NIBD / EBITDA = 3.50
From 31/12-2018: NIBD / EBITDA = 3.00

There was no covenant test or requirement at 31/12-2016. The next test will be 31/12-2017.

Capital management therefore includes monitoring exchange rates and development in NIBD, together with the EBITDA.

Notes to the Financial Statements

15. Borrowings

	Group		Parent	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
Non-current				
Issued bonds	148,783	175,654	148,783	175,654
Issued bonds - interest	1,677	-	1,677	-
Vendor loan	16,858	15,422	16,858	15,422
Finance lease liabilities	636	91	-	-
Total	**167,954**	**191,167**	**167,318**	**191,076**
Current				
Issued bonds - interest	-	1,755	-	1,755
Bank borrowings	-	52	6,293	52
Finance lease liabilities	424	440	-	-
Total	**424**	**2,247**	**6,293**	**1,807**

Non-current borrowings

The Group's financing mainly comprises issued bonds. In May 2014 Mobylife Holding A/S issued a SEK 350 million bond used for financing the acquisitions of subsidiaries as well as refinancing existing bank debt. The bond bears an interest coupon of 7,25%+STIBOR 3mth fixed annually.

The bond was listed on NASDAQ Stockholm at 20 November 2015. During 2016 MLH has completed bond terms renegotiations, capital injection through new equity, amortization of the bond debt, and extended the maturity unto 2020.

There is one financial covenant attached to the bond. As of 31 December 2017, the Net Interest Bearing Debt to EBITDA shall not exceed 5.50, hereafter 3.50 at the 31 December 2018 and 3.00 at 31 December 2019. The EBITDA is defined as the last twelve months pro forma figures of the Group, excluded non-recurring items.

At 31 December 2016 the NIBD / EBITDA amounted to 6.89, with NIBD at DKKk 130,509 and EBITDA at DKKk 18,945.

The outstanding bond principal and nominal value is SEKk 197,400, which amounts to DKKk 153,400 at 31 December 2016. Following the financial restructuring, the bond debt has been recognized as amortised cost. See note 13.

MLH may prior to maturity redeem all, but not some only, of the outstanding bond notes in full, following a specification set out in the amended terms and conditions section 9.3. These are available at http://www.mobylife.com.

The vendor loan amounting to DKKk 16.858 at 31 December 2016 has an initial maturity prior to the new bond maturity date. The vendor loan bears an interest coupon of 7% + additional 2% if the interests are not disbursed, but instead accumulated and added into the principal. The vendor note is subject to be changed as part of an ongoing settlement of a previous arbitration claim.

Notes to the Financial Statements

15. Borrowings

Before the restructuring, the bond was designated at fair value through profit or loss. At 31 December 2015, the outstanding bond principal and nominal value was SEKk 282,000, which amounted to DKKk230,360. Fair value was determined to be DKK 175,654, corresponding to index 76.25 resulting in a cumulative fair value gain of DKKk 47,879 and a gain for the year of DKKk 25,018. The fair value adjustment on the bond was derived from change in the credit risk of Mobylife.

Management determined that the valuation was a level 3 fair value measurement according to the fair value hierarchy due to the lack of observable trades during 2015 and the significant spread in observable prices for similar instrument as discussed below.

	Group		**Parent**	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
Non-current				
Carrying amount 1 January				
Transfer from level 2 in the fair value hierarchy	175,654	244,714	175,654	244,714
Repurchase	-	-37,957	-	-37,957
Gain on disposal included in financial income	-22,254	-6,085	-22,254	-6,085
Unrealised gain included in financial income and in the carrying amount at 31 December 2015		-25,018	-	-25,018
Derecognition	-153,400		-153,400	
Total	**-**	**175,654**	**-**	**175,654**

Due to the fact that the bond bears a floating interest rate based on 3 months STIBOR, Management has determined that the relevant factors affecting fair value of the bond is Mobylife's own credit risk and liquidity in the market for non-investment grade bonds. The bond was valued at the average of two indicative offers in the market. The valuation was supported by analyzing the impact of the financial development of the Mobylife Group and published outlook during 2015 on the issuer credit quality and on an analysis of the development in credit spreads for non-investment grade bonds during 2015 with similar terms. The indicative offers have a relatively large price range, and non-investment grade bonds traded with a significant variation in credit spreads reflecting the general uncertainty in the market. Therefore, alternative assumptions for the valuation might be reasonable. Management determines that a reasonably possible change in the credit spread reflecting own credit risk and liquidity is +/- 1 % resulting in a change in the carrying amount of +/- DKKk 2,296.

Notes to the Financial Statements

16. Provisions

	Group		Parent	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
Provisions for restruction costs:				
Costs bond loan	2,150	-	2,150	-
Costs for premises, office & insurance	2,587	-	-	-
Re-organization costs	3,022	-	2,106	-
At 31 December	**7,759**	**-**	**4,256**	**-**

The provision made is related to the implemented financial and operational restructuring.

Cost related to the bond loan, covers legal and financial services, not yet finalized at 31 December 2016.

Cost related to premises etc. covers the closure of sites following the implemented site consolidation.

Cost related to Re-organization cost covers employee reductions already executed.

Notes to the Financial Statements

17. Share capital and shareholder information

The following table summarizes common share activity in the years presented:

	2016	2015
	DKKk	DKKk
Common shares outstanding – 1 January	18,748	10,551
Write-off the share capital	-18,748	
Shares issued	20,921	8,197
Common shares outstanding – 31 December	-	-
Par value	-	-
Share capital on balance sheet	**20,921**	**18,748**

The principal shareholders of common shares at 31 December 2016 are:		Number of shares	Ownership Interest
CC Orange Invest ApS, Copenhagen, Denmark	A-shares	17,200,000	82.21%
Mobylife DM ApS, Gladsaxe, Denmark	A-shares	3,721,092	17.79%
		20,921,092	

No shares carry any special rights.

Shares owned directly or indirectly by Executive Management and the Board of Directors at 31 December 2016:	Number of shares	Ownership Interest
Vilhelm Hahn-Petersen	373,320	1.8%
Peter Ryttergaard	107,848	0.5%
Jacob Thygesen	94,818	0.5%
Mads Middelboe	93,891	0.4%
Jakob H. Kraglund	780,247	3.7%

Notes to the Financial Statements

18. Related party disclosures

Mobylife Holding A/S's related parties are :

- The parent companies
- The parent company's subsidiaries
- Companies in which members of the parent company's Board of Directors, Executive Management, and close members of the family of these persons exercise significant influence
- The parent company's Board of Directors, Executive Management, and close members of the family of these persons

Company	**Relationship**
Mobylife A/S	Subsidiary
Mobylife Ljungby AB	Subsidiary
Mobylife Holding AS	Subsidiary
Mobylife Kongsberg AS	Subsidiary
Mobylife Drammen AS	Subsidiary
Mobylife AB	Subsidiary
Mobylife OY	Subsidiary
Mobylide Helsinki OY	Subsidiary

Parent companies:

Catacap I K/S

CC Orange Invest ApS

The consolidated financial statements for CC Orange Invest ApS can be obtained at www.virk.dk

Notes to the Financial Statements

18. Related party disclosures

	Parent	
	2016	2015
	DKKk	DKKk
Transactions with subsidiaries		
Sales of goods:	-	-
Sales of services:	8,934	18,960
Purchase of goods:	-	-
Purchase of services:	3,077	25,846
Year-end balances with subsidiaries	**5,857**	**-6,886**
Nominal value	-	-
Non-current receivables	**-**	**-**
Nominal value	5,408	41,686
Current receivables	**5,408**	**41,686**

Purchase of services from subsidiaries comprise assistance from staff, and purchase of services from Parent companies and Board of Directors comprise of consulting in re-organisation, and insurances covering Board of Directors, Executive Management etc.

There has in 2016 been transactions with the Chairman of the Board amounting to DKKk 158, in relation to CEO recruitment in MLH.

There has in 2016 been transactions with the the Parent company CataCap amounting to DKKk 46, covering directors liability insurance.

The disclosure of “Key management compensation” is presented in the notes regarding “Employee benefits” – note 21.

Notes to the Financial Statements

19. Fees to auditors appointed at the general meeting

The Group's principal auditors perform audits for all of Mobylife Holding A/S's entitites. The Group's principal auditors received a total fee of DKKk 2,408 (2015: DKKk 2,715). The fee is distributed between these services:

Group	2016	2015
	DKKk	DKKk
Statutory audit fee	1,200	970
Audit related services	114	52
Tax advisory services	12	23
Other services	1,082	1,671
Total fee to auditors appointed at the general meeting	**2,408**	**2,715**

Parrent	2016	2015
	DKKk	DKKk
Statutory audit fee	173	175
Audit related services	0	15
Tax advisory services	0	-
Other services	975	1,658
Total fee to auditors appointed at the general meeting	**1,148**	**1,848**

Notes to the Financial Statements

20. Commitments and contingent liabilities

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Operating lease commitments – group company as lessee

The group leases premises under non-cancellable operating lease agreements. The lease terms are between 5 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		**Parent**	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
No later than 1 year	7,226	7,389	-	-
Later than 1 year and no later than 5 years	6,938	8,130	-	-
Later than 5 years	-	-	-	-
Total	**14,164**	**15,519**	**-**	**-**

Finance leases

The parent company and the group have entered into finance lease contracts, primarily with respect to company cars.

Future minimum lease payments under such finance leases and the net present value are as follows:

	Group		**Parent**	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
Minimum lease payments				
No later than 1 year	705	199	-	-
Later than 1 year and no later than 5 years	636	100	0	0
Later than 5 years	-	-	-	-
Total	**1,341**	**299**	**-**	**-**

Group and parent contingent liabilities

In the subsidiaries bank guarantees amounting to app. DKK 2 million has been issued.

Danske Bank has floating charges for a total of 10 million in simple claims, inventories, fixtures and goodwill

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxes income.

The Group has entered into a contract of joint and several suretyship that has been concluded between all the companies of the Group. The suretyship is entered in the Group's banker, Danske Bank, and is unlimited.

There are no further significant commitments or contingent liabilities at year end 2016.

Notes to the Financial Statements

21. Employee benefit expense

	Group		Parent	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
Wages and salaries, including restructuring costs and other termination benefits	112,063	126,978	300	300
Social security costs	13,503	14,677	-	-
Pension costs	6,835	7,520	-	-
Other post-employment benefits	17,712	7,379	-	-
Total employee benefit expense	**150,113**	**156,554**	**300**	**300**
Staff costs are included in the income statement as follows:				
Production costs	-	-	-	-
Personnel costs	150,114	122,522	300	300
Staff cost	**150,114**	**122,522**	**300**	**300**
Average number of employees	426	486	-	-
Number of employees at year end	**390**	**418**	-	-

Key Management Compensation

Key management includes Board of Directors and Executive Management. The compensation paid or payables to key management for employee services is shown below:

	2016	2015
	DKKk	DKKk
Salaries and other short-term employee benefits, Executive Management	2,639	2,100
Salaries and other short-term employee benefits, Board of Directors	300	300
Termination benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Total	**2,939**	**2,400**

Compensation to the Board of Directors comprise of fixed fees.

Notes to the Financial Statements

22. Adjustments for non-cash transactions

	Group		Parent	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
Depreciation and amortisation of tangible and intangible assets	9,119	6,660	10,844	68,026
Financial income	-27,009	-35,521	-25,887	-32,445
Financial costs	25,349	25,453	20,065	23,604
Accrued interests vendor loan	-	-	-	-
Income tax expense	-2,398	16,556	451	2,904
Other adjustments	795	1,650	-	-552
Adjustments from non-cash transactions	**5,856**	**14,798**	**5,473**	**61,537**

23. Change in working capital

	Group		Parent	
	2016	2015	2016	2015
	DKKk	DKKk	DKKk	DKKk
Change in inventories	452	2,131	-	-
Change in receivables	33,660	-21,089	34,709	-13,811
Change in payables	-33,913	22,229	-19,842	17,646
Other adjustments	-	-	-	-
Change in working capital	**199**	**3,271**	**14,867**	**3,835**

Notes to the Financial Statements

24. Events after the reporting period

The following events have occurred after the reporting period, but without any effect on the financial statements as of December 2016:

Mobylife DK A/S has been established as at 2 January 2017. No impact on group result in 2017.

Mobylife AS has sold Mobylife AB to Mobylife Holding A/S as at 1 February 2017. No impact on group result in 2017.

Mobylife Holding A/S has finalized the settlement agreement dealing with arbitration claim towards the previous owners of Telecare Service A/S. Positive impact on MLH result in 2017, DKK 16.9 million as positive financial income.

No other events that could significantly affect the financial statements as of 31 December 2016 have occurred.