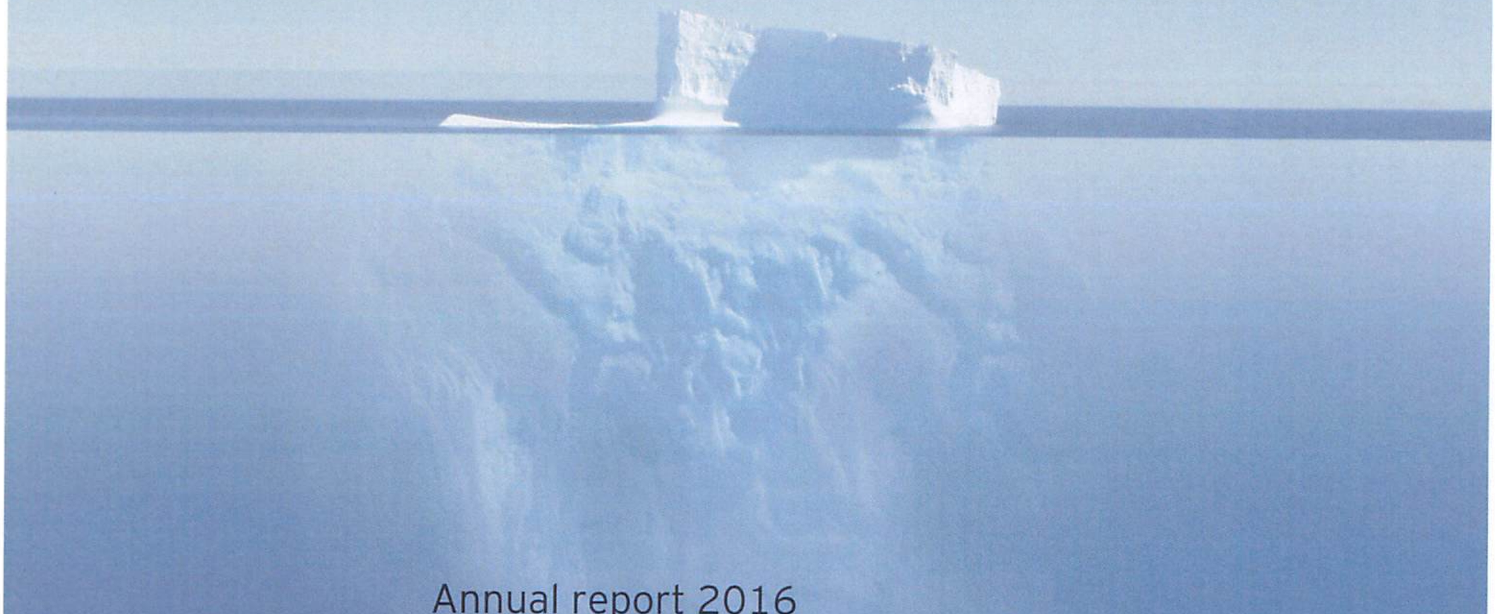
BERING
inspired by arctic beauty

BERING Group ApS

Skrænten 34, 6200 Aabenraa

CVR no. 35 38 82 65



Annual report 2016

Approved at the annual general meeting of shareholders on 8 May 2017

Chairman:

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Lars Gram Skjønnemann

Contents

Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of BERING Group ApS for the financial year 1 January - 31 December 2016.

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

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

Further, in my opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

I recommend that the annual report be approved at the annual general meeting.

Aabenraa, 8 May 2017
Executive Board:

Lars Gram Skjønnemann

Independent auditor's report

To the shareholders of BERING Group ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of BERING Group ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity, consolidated cash flow statement and notes, including accounting policies, for both the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016, and of the results of the Group and parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent company 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 the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company 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 in preparing the consolidated financial statements and the parent company financial statements 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 consolidated financial statements and the parent company financial statements

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

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

Independent auditor's report

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 in preparing the consolidated financial statements and the Parent Company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the 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 consolidated financial statements and the Parent Company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's review

Management is responsible for the Management's review.

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

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the 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 Statement Act. We did not identify any material misstatement of the Management's review.

Aabenraa, 8 May 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jon Midtgaard
State Authorised Public Accountant

Management's review

Company details

Name	BERING Group ApS
Address, Postal code, City	Skrænten 34, 6200 Aabenraa
CVR no.	35 38 82 65
Established	1 June 2013
Registered office	Aabenraa
Financial year	1 January - 31 December
Website	www.beringtime.com
E-mail	info@beringtime.com
Telephone	+45 86 16 90 90
Executive Board	Lars Gram Skjønnemann
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark
Bankers	Sydbank A/S

Management's review

Financial highlights for the Group

DKK'000	2016	2015	2014	2013	2012
Key figures					
Revenue	319,550	291,365	251,931	201,765	150,447
Gross margin	56,462	48,434	33,155	23,115	28,919
Operating profit/loss	34,230	17,132	11,228	4,018	9,003
Net financials	-5,094	-1,839	-2,182	-2,353	-4,111
Profit/loss for the year	**22,840**	**11,130**	**6,749**	**1,449**	**3,220**
Total assets	215,282	184,378	177,190	147,670	116,109
Equity	**54,579**	**29,042**	**19,447**	**11,949**	**10,697**
Cash flows from operating activities	1,105	14,289	-47,020	-26,495	-8,229
Net cash flows from investing activities	729	-1,669	-7,030	-6,644	-4,002
Investment in property, plant and equipment	-260	-2,475	6,419	5,053	4,001
Financial ratios					
Operating margin	10.7%	5.9%	4.5%	2.0 %	6.0 %
Gross margin	17.7%	16.6%	13.2%	11.5%	19.2%
Solvency ratio	25.4%	15.8%	11.0%	8.1%	9.2%
Return on equity	54.6%	45.9%	43.0%	12.8%	36.1%
Average number of employees	**40**	**34**	**33**	**35**	**32**

BERING Group ApS was established on 17 June 2013 in accordance with the uniting-of-interests method with effect from 1 January 2013. Comparative figures for 2012 and 2013 have been stated on a pro forma basis.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".
For terms and definitions, please see the accounting policies.

Management's review

Management commentary

Business review

The BERING Group is a design enterprise whose activities comprise the sale of wrist watches and jewellery.

The Group is engaged in sale almost all over the world, both directly and via agents and distributors. Today, the Group has companies in Denmark, Germany, Sweden, the UK, the USA and Hong Kong.

The BERING Group presents a series of watches and jewellery that blend minimalistic Danish design and optimal material strength. HighTech ceramic and sapphire glass make the watches extremely tough and uniquely resistant. Time leaves no trace on the streamlined forms and pure elegance of the watches.
A brand that redefines time with its love for detail.

The parent company, BERING Group ApS' objective is to hold shares in subsidiaries, own intellectual property rights, exercise management and support functions for subsidiaries, make investments and related activities.

Financial review

In 2016, the group's revenue came in at DKK 319,550 thousand against DKK 291,365 thousand last year. The income statement for 2016 shows a profit of DKK 22,842 thousand against DKK 11,130 thousand last year, and the group's balance sheet at 31 December 2016 shows equity of DKK 54,577 thousand.

The Group has been subject to a high growth rate underlined by the fact that the product line has been given a very positive reception in a number of new markets. However, the Group is mainly occupied with the fact that sales to existing distributors are increasing and thus, BERING continues to gain market shares. This is taken precedence over new markets.

Special risks

Due to its activities, the Group is exposed to a number of risks. The Group actively strives to reduce these risks to acceptable levels, see below.

Credit risks:

Based on a specific credit rating, the Group grants credit to selected customers. It is group policy to have tight control of the credit risk, by applying e.g. a credit max. at customer level.

Foreign currency risks:

The Group's foreign currency risks primarily relate to purchases from the Far East. Profit and equity are thus affected by the exchange rate movements for a number of currencies, primarily USD. The Group relies on forward contracts to reduce commercial currency risks, primarily in relation to the hedging of purchases.

No agreements on speculative financial instruments are made.

Interest rate risks:

Moderate changes to the interest level are not deemed to have any material effect on earnings. Thus, financial contracts are not concluded to hedge interest rate risks.

Events after the balance sheet date

No significant events have occurred after the balance sheet date which materially affect the Group's financial position.

Management's review

Management commentary

Outlook

The potential for BERING watches and jewellery is deemed to be huge, both on existing and new markets.

Increased revenue and improved results are expected for the 2017 financial year.

Other matters

The Company's employees have a thorough knowledge of the market and have shown a particular ability to develop a unique product programme. Upgrading of employees is made on an ongoing basis. The Company does not perform research and development activities, and the influence of the external environment is not regarded as material.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	Group 2016	Group 2015	Parent company 2016	Parent company 2015
	Revenue	319,550	291,365	200,296	148,715
	Cost of sales	-187,012	-157,339	-167,901	-142,623
	Other operating income	0	33	0	0
	Other external expenses	-76,076	-85,625	-9,913	-4,821
	Gross margin	56,462	48,434	22,482	1,271
2	Staff costs	-21,377	-24,302	0	0
	Amortisation/depreciation and impairment losses	-855	-6,993	-112	-112
	Other operating expenses	0	-7	0	0
	Profit before net financials	34,230	17,132	22,370	1,159
	Income from investments in group entities	0	0	5,320	9,519
	Income from investments in associates	1	-2	1	-2
3	Financial income	1,140	3,540	3,704	3,251
4	Financial expenses	-6,234	-5,379	-3,667	-2,255
	Profit before tax	29,137	15,291	27,728	11,672
5	Tax for the year	-6,297	-4,161	-4,886	-542
	Profit for the year	22,840	11,130	22,842	11,130
	Specification of the Group's results of operations:				
	Shareholders in BERING Group ApS	22,842	11,130		
	Non-controlling interests	-2	0		
		22,840	11,130		

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	Group 2016	Group 2015	Parent company 2016	Parent company 2015
	ASSETS				
	Fixed assets				
6	**Intangible assets**				
	Patents and licences	790	905	790	902
	Goodwill	752	875	0	0
		1,542	1,780	790	902
7	**Property, plant and equipment**				
	Other fixtures and fittings, tools and equipment	1,386	1,814	0	0
		1,386	1,814	0	0
8	**Investments**				
	Investments in group entities, net asset value	0	0	32,829	27,873
	Investments in associates, net asset value	478	477	478	477
	Other receivables	800	800	0	0
		1,278	1,277	33,307	28,350
	Total fixed assets	4,206	4,871	34,097	29,252
	Non-fixed assets				
	Inventories				
	Finished goods and goods for resale	115,326	105,687	30,416	29,490
	Prepayments for goods	3,181	1,083	3,181	1,083
		118,507	106,770	33,597	30,573
	Receivables				
	Trade receivables	72,045	61,942	94	0
	Receivables from group entities	0	0	120,119	90,218
	Receivables from associates	1	239	0	0
11	Deferred tax assets	1,325	2,275	0	0
	Other receivables	8,706	1,066	3,157	62
	Deferred income	2,632	1,900	0	0
		84,709	67,422	123,370	90,280
	Cash	7,860	5,315	0	0
	Total non-fixed assets	211,076	179,507	156,967	120,853
	TOTAL ASSETS	215,282	184,378	191,064	150,105

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2016	2015	2016	2015
	EQUITY AND LIABILITIES				
	Equity				
9	Share capital	501	501	501	501
	Net revaluation reserve according to the equity method	0	0	18,078	12,555
	Retained earnings	54,076	28,541	35,998	15,986
	Shareholders in BERING Group ApS' share of equity	54,577	29,042	54,577	29,042
	Non-controlling interests	2	0	0	0
	Total equity	54,579	29,042	54,577	29,042
	Provisions				
11	Deferred tax	368	290	34	23
	Other provisions	0	3,500	0	0
8	Provision, investments in group entities	0	0	3,165	3,959
	Total provisions	368	3,790	3,199	3,982
	Liabilities				
10	**Non-current liabilities other than provisions**				
	Payables to associates	0	35,763	0	35,763
		0	35,763	0	35,763
	Current liabilities				
10	Current portion of long-term liabilities	36,046	0	36,046	0
	Bank debt	15,652	23,899	12,029	21,772
	Trade payables	23,845	14,502	15,822	8,799
	Payables to group entities	0	0	0	3,973
	Payables to associates	74,464	66,027	64,011	43,219
	Income taxes payable	5,075	3,375	5,075	3,375
	Payables to shareholders and management	13	0	0	0
	Other payables	5,240	7,965	305	165
	Deferred income	0	15	0	15
		160,335	115,783	133,288	81,318
	Total liabilities other than provisions	160,335	151,546	133,288	117,081
	TOTAL EQUITY AND LIABILITIES	215,282	184,378	191,064	150,105

1 Accounting policies
12 Contractual obligations and contingencies, etc.
13 Collateral
14 Related parties

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Statement of changes in equity

	Group				
DKK'000	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2015	501	18,947	19,448	0	19,448
Transfer through appropriation of profit	0	11,130	11,130	0	11,130
Exchange adjustment	0	-375	-375	0	-375
Other value adjustments of equity	0	-1,161	-1,161	0	-1,161
Equity at 1 January 2016	501	28,541	29,042	0	29,042
Additions on merger / corporate acquisition	0	0	0	4	4
Transfer through appropriation of profit	0	22,842	22,842	-2	22,840
Exchange adjustment	0	240	240	0	240
Other value adjustments of equity	0	2,453	2,453	0	2,453
Equity at 31 December 2016	501	54,076	54,577	2	54,579

		Parent company			
Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 January 2015	501	3,411	15,536	19,448
15	Transfer through appropriation of profit	0	9,144	1,986	11,130
	Exchange adjustment	0	0	-375	-375
	Other value adjustments of equity	0	0	-1,161	-1,161
	Equity at 1 January 2016	501	12,555	15,986	29,042
15	Transfer through appropriation of profit	0	5,523	17,319	22,842
	Exchange adjustment	0	0	240	240
	Other value adjustments of equity	0	0	2,453	2,453
	Equity at 31 December 2016	501	18,078	35,998	54,577

Exchange adjustments recognised under equity relate to foreign currency adjustment of financial statements of foreign subsidiaries into Danish kroner.

Other value adjustments of equity relate to adjustment in fair value of derivative financial instruments to hedge future assets and liabilities.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Cash flow statement

		Group	
Note	DKK'000	2016	2015
	Profit for the year	22,840	11,130
16	Adjustments	5,430	14,402
	Cash generated from operations (operating activities)	28,270	25,532
17	Changes in working capital	-23,596	-7,426
	Cash generated from operations (operating activities)	4,674	18,106
	Income taxes paid	-3,569	-3,817
	Cash flows from operating activities	1,105	14,289
	Additions of intangible assets	0	-3
	Disposals of intangible assets	3	0
	Additions of property, plant and equipment	-260	-2,475
	Disposals of property, plant and equipment	986	809
	Cash flows to investing activities	729	-1,669
	Proceeds of long-term liabilities	283	4,534
	Proceeds of debt, associates	8,675	0
	Repayments, borrowings from associates	0	-956
	Cash flows from financing activities	8,958	3,578
	Net cash flow	10,792	16,198
	Cash and cash equivalents at 1 January	-18,584	-34,782
18	**Cash and cash equivalents at 31 December**	-7,792	-18,584

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of BERING Group ApS for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidation

The consolidated financial statements comprise parent, BERING Group ApS, and entities controlled by the parent. Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power of an entity. Control may also exist by virtue of an agreement or articles of association or when the parent otherwise has a controlling interest in the subsidiary or actually exercises controlling influence over it.

The existence and impact of potential voting rights that are actually exercisable or convertible are taken into account when assessing whether control exists.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains in so far as they do not reflect impairment.

Entities acquired or formed are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Corporate acquisitions are accounted for using the purchase method, according to which the acquired entity's identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Restructuring costs recognised in the acquired entity before the date of acquisition and not agreed as part of the acquisition are part of the acquisition balance sheet and, hence, the calculation of goodwill. Restructuring costs decided by the acquiring entity must be recognised in the income statement. Allowance is made for the tax effect of revaluations made. Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset. Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met. Goodwill and negative goodwill from acquired entities can be adjusted until 12 months after the year of acquisition.

Entities over which the Group has significant influence are considered associates. The Group is considered to have significant influence when it directly or indirectly holds between 20% and 50% of the voting rights or otherwise has or actually exercises significant influence. Associates are recognised in the consolidated financial statements at their net asset value.

Foreign currency translation

Transactions denominated in foreign currencies are translated to Danish Kroner at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables and payables and other monetary items denominated in foreign currencies are translated to Danish Kroner at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries and associates are considered separate enterprises. Items in such enterprises' income statements are translated at the average exchange rates, and their balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of such enterprises at the exchange rates at the balance sheet date and on translation of the income statements from the average exchange rates at the transaction date to closing are recognised in the equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Income statement

Revenue

Income from the sale of goods and finished goods, which includes the sale of wrist watches and jewellery, is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

The date of transition of the principal advantages and risks is based on standardised delivery terms on the basis of Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Patents and licences	10 years
Goodwill	10 years

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	2-5 years

Income from investments in group entities and associates

The item includes the Company's proportionate share of the profit/loss for the year in subsidiaries and associates after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Patents and licences are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries and associates

On initial recognition, investments in subsidiaries and associates are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries and associates with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in subsidiaries and associates are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The objective indicators used for portfolios are determined based on historical loss experience.

Financial non-current assets - Receivables includes subordinated loan, where creditor has indicated willingness to step back in favor of other creditors.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Provisions

Provisions comprise expected expenses relating to litigations/disputes raised against the company. Provisions are recognised when the company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

The cash flow statement shows the Group's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin x 100}}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	2016	2015	2016	2015
2	**Staff costs**				
	Wages/salaries	19,161	22,295	0	0
	Pensions	1,213	1,007	0	0
	Other social security costs	742	867	0	0
	Other staff costs	261	133	0	0
		21,377	24,302	0	0
	Average number of full-time employees	40	34	0	0

Group

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to the group Management is not disclosed.

		Group		Parent company	
	DKK'000	2016	2015	2016	2015
3	**Financial income**				
	Interest receivable, group entities	0	0	2,713	1,687
	Interest receivable, associates	97	12	0	0
	Other interest income	50	8	0	0
	Exchange gain	774	3,520	772	1,564
	Other financial income	219	0	219	0
		1,140	3,540	3,704	3,251
4	**Financial expenses**				
	Interest expenses, associates	3,642	2,180	3,208	1,108
	Other interest expenses	722	1,080	435	1,042
	Exchange adjustments	1,807	850	0	0
	Other financial expenses	63	1,269	24	105
		6,234	5,379	3,667	2,255
5	**Tax for the year**				
	Estimated tax charge for the year	5,341	4,708	4,876	532
	Deferred tax adjustments in the year	956	-547	10	10
		6,297	4,161	4,886	542

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Intangible assets

	Group		
DKK'000	Patents and licences	Goodwill	Total
Cost at 1 January 2016	1,119	1,233	2,352
Disposals in the year	-3	0	-3
Cost at 31 December 2016	1,116	1,233	2,349
Impairment losses and amortisation at 1 January 2016	214	358	572
Depreciation in the year	112	123	235
Impairment losses and amortisation at 31 December 2016	326	481	807
Carrying amount at 31 December 2016	790	752	1,542

	Parent company
DKK'000	Patents and licences
Cost at 1 January 2016	1,116
Cost at 31 December 2016	1,116
Impairment losses and amortisation at 1 January 2016	214
Depreciation in the year	112
Impairment losses and amortisation at 31 December 2016	326
Carrying amount at 31 December 2016	790

7 Property, plant and equipment

	Group
DKK'000	Other fixtures and fittings, tools and equipment
Cost at 1 January 2016	3,471
Additions in the year	260
Disposals in the year	-986
Cost at 31 December 2016	2,745
Impairment losses and depreciation at 1 January 2016	1,657
Depreciation in the year	620
Reversal of amortisation/depreciation and impairment of disposals	-918
Impairment losses and depreciation at 31 December 2016	1,359
Carrying amount at 31 December 2016	1,386

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Investments

DKK'000	Group Investments in associates, net asset value	 Other receivables	 Total
Cost at 1 January 2016	515	800	1,315
Cost at 31 December 2016	515	800	1,315
Value adjustments at 1 January 2016	-38	0	-38
Share of the profit/loss for the year	1	0	1
Value adjustments at 31 December 2016	-37	0	-37
Carrying amount at 31 December 2016	478	800	1,278

Group

Name	Legal form	Domicile	Interest
Subsidiaries			
BERING Time	ApS	Aabenraa	100.00 %
BERING Time	Ltd	Hong Kong	100.00 %
BERING Time	Inc	USA	100.00 %
BERING Time	AB	Sweden	100.00 %
BERING Time	Limited	United Kingdom	100.00 %
ARENA Copenhagen	ApS	Aabenraa	100.00 %
Polarboutique	GmbH	Germany	100.00 %
Polarlounge	GmbH	Germany	100.00 %
BERING Time Maastrich	BV	Netherlands	51.00 %
Polarzeit	GmbH	Germany	100.00 %
Associates			
LMT Aabenraa	ApS	Aabenraa	19.00 %

DKK'000	Parent company Investments in group entities, net asset value	 Investments in associates, net asset value	 Total
Cost at 1 January 2016	11,359	515	11,874
Additions in the year	190	0	190
Cost at 31 December 2016	11,549	515	12,064
Value adjustments at 1 January 2016	16,514	-38	16,476
Exchange adjustment	240	0	240
Share of the profit/loss for the year	5,443	1	5,444
Depreciation, goodwill	-123	0	-123
Investments with negative equity value transferred to provisions	-794	0	-794
Value adjustments at 31 December 2016	21,280	-37	21,243
Carrying amount at 31 December 2016	32,829	478	33,307

Bering Time Limited has taken advantage of exemption from audit under section 479a of the Companies Act 2006.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

8 **Investments (continued)**

The carrying amount of group entities comprises a share of the entities' net asset value, DKK 29,334 thousand, goodwill at a carrying amount of DKK 752 thousand and less elimination of intra-group gains of DKK 422 thousand.

Of the total carrying amount, negative net assets in group entities, DKK 3,165 thousand have been recognised under provisions.

	Parent company	
DKK'000	2016	2015
9 **Share capital**		
Analysis of the share capital:		
501,000 shares of DKK 1.00 nominal value each	501	501
	501	501

No shares have special rigths.

The Parent's share capital has remained DKK 501 thousand since the foundation.

10 **Long-term liabilities**

	Parent company			
DKK'000	Total debt at 31/12 2016	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Payables to associates	36,046	36,046	0	0
	36,046	36,046	0	0

11 **Deferred tax**

Analyses of the deferred tax

	Group		Parent company	
DKK'000	2016	2015	2016	2015
Deferred tax assets	-1,325	-2,275	0	0
Deferred tax liabililties	368	290	34	23
	-957	-1,985	34	23

Group

Provision relating to deferred tax includes deferred tax regarding intangible assets, property, plant and equipment as well as current liabilities. It is expected that DKK 0 thousand of the deferred tax recognised at 31 December 2016 is realised as current tax in 2017.

Parent company

Provision relating to deferred tax includes deferred tax regarding intangible assets. It is expected that DKK 0 thousand of the deferred tax recognised at 31 December 2016 is realised as current tax in 2017.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

12 Contractual obligations and contingencies, etc.

Other contingent liabilities

Group

The BERING Group is party in some litigations/disputes. Management is of the opinion that outcome of these cases will not influence the Group's financial position in addition to the receivables and liabilities recognised in the balance sheet at 31 December 2016.

Other financial obligations

Group

The Group has entered into rent agreements with terms of notice up to 7 years and 8 months. The total residual rent liability amounts to DKK 5,369 thousand.

The Group has entered into lease agreements with a residual liability of DKK 112 thousand.

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes and withholding taxes in the group of jointly taxed entities.

13 Collateral

Group

As security for the group's debt to credit institutions, DKK 15.4 million, the group has placed security in inventories, property, plant and equipment, trade receivables and intangible assets, worth a total of DKK 62.4 million.

Parent company

As security for the company's debt to credit institutions, DKK 12.0 million, the company has placed security in inventories, property, plant and equipment, receivables and intangible assets, worth a total of DKK 26.0 milion.

BERING Group ApS has placed security toward subsidiaries bank amounting to DKK 0.6 million.

14 Related parties

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Kærskov Holding ApS	Aabenraa
M. Witt ApS	Rødekro
SKJ Invest ApS	Aabenraa

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Notes to the financial statements

	DKK'000	Parent company 2016	Parent company 2015
15	**Appropriation of profit/loss**		
	Recommended appropriation of profit		
	Net revaluation reserve according to the equity method	5,523	9,144
	Retained earnings	17,319	1,986
		22,842	11,130

	DKK'000	Group 2016	Group 2015
16	**Adjustments**		
	Amortisation/depreciation and impairment losses	855	6,993
	Gain/loss on the sale of non-current assets	-918	-425
	Provisions	-3,500	3,500
	Income from investments in associates	-1	0
	Tax for the year	6,297	4,706
	Other adjustments	2,697	-372
		5,430	14,402
17	**Changes in working capital**		
	Change in inventories	-11,737	-12,427
	Change in receivables	-18,475	-1,087
	Change in trade and other payables	6,616	6,088
		-23,596	-7,426
18	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	7,860	5,315
	Short-term debt to banks	-15,652	-23,899
		-7,792	-18,584