

Paragon Invest ApS

H.C. Andersens Boulevard 49

1553 København V

CVR No. 36391324

Annual Report 2015/16

2. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 13 December 2016

Carsten Jensen
Chairman

Contents

Management's Statement	3
Independent Auditor's Report	4
Company Information	6
Management's Review	7
Accounting Policies	8
Income Statement	11
Balance Sheet	12
Notes	14



Management's Statement

Today, Management has considered and adopted the Annual Report of Paragon Invest ApS for the financial year 1 July 2015 - 30 June 2016.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 30 June 2016 and of the results of the Company's operations for the financial year 1 July 2015 - 30 June 2016.

We recommend that the Annual Report be adopted at the Annual General Meeting.

København, 13 December 2016

Executive Board

Carsten Jensen
Man. Director



Independent Auditor's Report

To the shareholders of Paragon Invest ApS

Report on the Financial Statements

We have audited the Financial Statements of Paragon Invest ApS for the financial year 1 July 2015 - 30 June 2016 comprising Accounting Policies, Income Statement, Balance Sheet and Notes. The Annual Report is presented in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Danish Financial Statements Act, and for such internal controls as Management determines is necessary to enable preparation of Financial Statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We have conducted our audit in accordance with international standards on auditing and additional requirements under Danish auditor regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain a high degree of assurance as to whether the Financial Statements are free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

In our opinion, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 30 June 2016 and of the results of the Company's operations for the financial year 1 July 2015 - 30 June 2016 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hillerød, 13 December 2016

Erhvervs Consult Revision & Rådgivning

Registreret Revisor Tonny Skov Pedersen

Tonny Skov Pedersen

Registered Public Accountant

Company details

Company	Paragon Invest ApS H.C. Andersens Boulevard 49 1553 København V
CVR No.	36391324
Date of formation	26 September 2014
Registered office	København
Financial year	1 July 2015 - 30 June 2016
Executive Board	Carsten Jensen, Man. Director
Auditors	Erhvervs Consult Revision & Rådgivning Registreret Revisor Tonny Skov Pedersen Smedievej 31 3400 Hillerød CVR-no.: 27394027



Management's Review

The Company's principal activities

The Company's principal activities consist in owning of shares, investments and other related activities.

Development in activities and financial matters

The Company's Income Statement of the financial year 1. juli 2015 - 30. juni 2016 shows a result of DKK 47.007 and the Balance Sheet at 30. juni 2016 a balance sheet total of DKK 10.544.867 and an equity of DKK 75.836.

The result of the year is according to the management's expectations.

The management expects, that the invested capital will provide a return from the subsidiaries within the nearest future.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Expectations for the future

The Company expects its operations to develop positively next year.

The company has through the investments in the subsidiaries part of already acquired global rights, licenses and patents on its products, and is now in a stage, where the company has initiated production and sale/distributions channels abroad with the intent to delivering the products. These actions and expectations to the development in the subsidiaries will secure the company's continuing financial development and ns, herein turnover and ability to meet the expected liabilities.



Accounting Policies

Reporting Class

The Annual Report of Paragon Invest ApS for 2015/16 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.



Accounting Policies

Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Revenue

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity. The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Balance Sheet

Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

Equity investments in group enterprises and associates

Equity investments in group enterprises and associates are measured at cost. Dividends that exceed accumulated earnings of the group enterprise or the associate during the ownership period are treated as a reduction of the cost. If cost exceeds the net realisable value, a write-down to this lower value will be performed.



Accounting Policies

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Other securities and equity investments recognised in current assets

Other securities and equity investments that are listed are measured at market value at the balance sheet date. Other securities are measured at estimated fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Proposed dividend for the year is recognised as a separate item in equity.

Provisions

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Financial liabilities

Fixed-rate loans such as mortgage loans and loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

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

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.



Income Statement

	Note	2015/16 kr.	2014/15 kr.
Gross profit		-11.416	-27.327
Profit from ordinary operating activities		-11.416	-27.327
Finance income		192.992	0
Finance expences		-170.006	-348
Profit from ordinary activities before tax		11.570	-27.675
Tax expense on ordinary activities	1	35.437	6.504
Profit		47.007	-21.171
 Proposed distribution of results			
		47.007	-21.171
		47.007	-21.171



Balance Sheet as of 30. June

	Note	2015/16 kr.	2014/15 kr.
Assets			
Long-term investments in group enterprises	2	1.222.777	1.222.777
Investments		<u>1.222.777</u>	<u>1.222.777</u>
Fixed assets		<u>1.222.777</u>	<u>1.222.777</u>
Short-term receivables from group enterprises		5.976.166	1.484.502
Other short-term receivables		3.303.862	87.451
Current deferred tax		41.941	6.504
Receivables		<u>9.321.969</u>	<u>1.578.457</u>
Cash and cash equivalents		<u>121</u>	<u>604</u>
Current assets		<u>9.322.090</u>	<u>1.579.061</u>
Assets		<u>10.544.867</u>	<u>2.801.838</u>



Balance Sheet as of 30. June

	Note	2015/16 kr.	2014/15 kr.
Liabilities and equity			
Contributed capital		50.000	50.000
Retained earnings		25.836	-21.171
Equity	3	75.836	28.829
Trade payables		0	129.068
Payables to group enterprises		72.570	0
Other payables		6.489.796	0
Payables to shareholders and management		3.906.665	2.643.941
Short-term liabilities other than provisions		10.469.031	2.773.009
Liabilities other than provisions within the business		10.469.031	2.773.009
Liabilities and equity		10.544.867	2.801.838
Contingent liabilities	4		
Collaterals and assets pledges as security	5		



Notes

2015/16

2014/15

1. Tax expense

Ændring udskudt skat

-35.437	-6.504
-35.437	-6.504

2. Disclosure in long-term investments in group enterprises and associates

Group enterprises

Name	Registered office	Share held in %	Equity	Profit
Promotia International Inc.	USA	77,50	1.222.695	0
Net Effect Brands LLP	USA	55,00	82	0
			1.222.777	0

3. Statement of changes in equity

	Contributed capital	Retained earnings	Proposed dividend
Equity, beginning balance	50.000	-21.171	0
Proposed distribution of results	0	47.007	0
	50.000	25.836	0

The share capital has remained unchanged for the last 5 years.

4. Contingent liabilities

No contingent liabilities exist at the balance sheet date. The company is taxed jointly with other Group companies and jointly liable for the taxes relating to joint taxation.

The total amount in the annual report for Parafect Holding ApS, management company joint taxation.

5. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

