SGM Light A/S

Sommervej 23, 8210 Aarhus V

CVR no. 37 21 91 69

Annual report 2015/16
(As of the establishment of the Company 10 November 2015 - 31 December 2016)

Approved at the annual general meeting of shareholders on 27/2-17

Chairman:

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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of SGM Light A/S for the financial year as of the establishment of the Company 10 November 2015 - 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year as of the establishment of the Company 10 November 2015 - 31 December 2016.

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

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

Aarhus, 27 February 2017
Executive Board:

Peter Johansen
CEO

Board of Directors:

Paolo Covre Chairman	Mario Radice	Peter Johansen

Independent auditors' report

To the shareholder of SGM Light A/S

Opinion

We have audited the financial statements of SGM Light A/S for the financial year as of the establishment of the Company 10 November 2015 - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company operations for the financial year as of the establishment of the company 10 November 2015 - 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 financial statements" section of our report. We are independent of the company 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 financial statements

Management is responsible for the preparation of 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 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 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 financial statements unless Management either intends to liquidate the 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 the financial statements.

As part of an audit conducted 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 company's internal control.

Independent auditors' report

- 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 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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 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 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 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.

Based on our procedures, we conclude that the Management's review is in accordance with the 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.

Aarhus, 27 February 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mads Meldgaard State Authorised Public Accountant	Christian Jøker State Authorised Public Accountant

Management's review

Company details

Name	SGM Light A/S
Address, Postal code, City	Sommervej 23, 8210 Aarhus V
CVR no.	37 21 91 69
Established	10 November 2015
Registered office	Aarhus
Financial year	10 November 2015 - 31 December 2016
Board of Directors	Paolo Covre, Chairman Mario Radice Peter Johansen
Executive Board	Peter Johansen, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Financial highlights

EUR	2015/16 14 months
Key figures	
Gross margin	8,547,136
Operating profit	2,067,995
Net financials	-620,665
Profit before tax	1,455,811
Profit/loss for the year	**1,115,192**
Total assets	9,521,536
Investment in property, plant and equipment	1,048,609
Equity	**3,115,192**
Financial ratios	
Solvency ratio	32.7%
Return on equity	43.6%
Average number of employees	**83**

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

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Solvency ratio $$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$$

Return on equity $$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$$

Management's review

Management commentary

Business review

The Company's principal activities comprise the development and sale of professional lighting products based on advanced LED technology for the entertainment lighting and the architectural lighting business. The Company is represented globally and sells its products to more than 50 countries.

Financial review

The Company was established on 10 November 2015 when the activities, including intellectual property and stocks, were taken over from SGM A/S.

The income statement shows a net profit after tax of EUR 1,115 thousand and the balance sheet at 31 December 2016 shows equity of EUR 3,115 thousand. Including subordinated loan, capital reserves amounted to EUR 5,115 thousand at 31 December 2016 - equivalent to an equity ratio of 54%.

Special risks

It is an ongoing focal point for the Company to identify and reduce significant risks, including foreign exchange fluctuations.

The Company is operating in different currencies. Changes in currencies other than Euro will effect the operation.

Research and development activities

The Company incurs significant costs on a regular basis for further development of existing products.

Outlook

The Company expects a satisfactory development for the next financial year and expects to realise results in the range of approx. EUR 1-2 million.

Financial statements for the period 10 November 2015 - 31 December 2016

Income statement

Note	EUR	2015/16 14 months
	Gross margin	8,547,136
	Distribution costs	-1,981,702
	Administrative expenses	-4,497,439
	Operating profit	2,067,995
	Share of net profit/loss in subsidiaries	-295,530
	Share of net profit/loss in associates	304,011
	Financial income	7,712
2	Financial expenses	-628,377
	Profit before tax	1,455,811
3	Tax for the year	-340,619
	Profit for the year	1,115,192

Financial statements for the period 10 November 2015 - 31 December 2016

Balance sheet

Note	EUR	2015/16
	ASSETS	
	Fixed assets	
4	**Intangible assets**	
	Acquired intangible assets	579,513
		579,513
5	**Property, plant and equipment**	
	Fixtures and fittings, tools and equipment	588,213
		588,213
6	**Investments**	
	Investments in subsidiaries	0
	Investments in associates	262,292
		262,292
	Total fixed assets	1,430,018
	Non-fixed assets	
	Inventories	
	Raw materials and consumables	4,008,998
	Work in progress	182,316
	Finished goods and goods for resale	2,785,336
	Prepayments for goods	161,738
		7,138,388
	Receivables	
	Receivables from group entities	293,947
9	Deferred tax assets	180,943
	Other receivables	259,552
	Prepayments	45,925
		780,367
	Cash	172,763
	Total non-fixed assets	8,091,518
	TOTAL ASSETS	9,521,536

Financial statements for the period 10 November 2015 - 31 December 2016

Balance sheet

Note	EUR	2015/16
	EQUITY AND LIABILITIES	
	Equity	
7	Share capital	2,000,000
	Net revaluation reserve	235,112
	Retained earnings	880,080
	Total equity	3,115,192
	Provisions	
	Provisions, warranties	604,723
6	Provision, investments in subsidiaries	295,443
	Total provisions	900,166
	Liabilities other than provisions	
8	**Non-current liabilities other than provisions**	
	Lease liabilities	34,602
	Subordinate loan capital	2,000,000
	Payables to group entities	1,000,000
		3,034,602
	Current liabilities other than provisions	
8	Current portion of long-term liabilities	23,942
	Bank debt	9,580
	Trade payables	1,093,245
	Payables to group entities	57,967
	Payables to associates	13,451
	Joint taxation contribution payable	521,562
	Other payables	751,829
		2,471,576
	Total liabilities other than provisions	5,506,178
	TOTAL EQUITY AND LIABILITIES	9,521,536

1 Accounting policies
10 Staff costs
11 Contractual obligations and contingencies, etc.
12 Collateral
13 Related parties

Financial statements for the period 10 November 2015 - 31 December 2016

Statement of changes in equity

Note	EUR	Share capital	Net revaluation reserve	Retained earnings	Total
	Equity at 10 November 2015	68,000	0	0	68,000
	Capital increase	1,932,000	0	0	1,932,000
14	Profit/loss for the year	0	235,112	880,080	1,115,192
	Equity at 31 December 2016	2,000,000	235,112	880,080	3,115,192

Financial statements for the period 10 November 2015 - 31 December 2016

Notes to the financial statements

1 Accounting policies

The annual report of SGM Light A/S for 2015/16 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class C medium-sized entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of SGM Light A/S and subsidiaries are reflected in the consolidated financial statements of P.L.I. Professional Lighting International ApS.

Reporting currency

The financial statements are presented in euros (EUR), as the Company's most significant transactions are settled in EUR.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

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

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on 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.

Gross margin

In the income statement, revenue, production costs and other operating income have been aggregated into one item called 'gross profit', see section 32 of the Danish Financial Statements Act.

Financial statements for the period 10 November 2015 - 31 December 2016

Notes to the financial statements

1 **Accounting policies (continued)**

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Distribution costs

Distribution costs include expenses relating to sale and distribution in the year, including expenses relating to sales staff, advertising, exhibitions and amortisation/depreciation of assets that are related to sale and distribution of the Company's products.

Administrative expenses

Administrative expenses include expenses incurred in the year for purposes of managing and administering the Company, including expenses relating to administrative staff, management, office premises/expenses as well as amortisation/depreciation of assets used for administrative purposes.

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:

Acquired intangible assets	5 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:

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 statement 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

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income).

Financial statements for the period 10 November 2015 - 31 December 2016

Notes to the financial statements

1 Accounting policies (continued)

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Acquired intangible assets are measured at cost less accumulated amortisation and impairment losses.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

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.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

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.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity. The tax effect of revaluations made is taken into account.

Impairment of non-current 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.

Financial statements for the period 10 November 2015 - 31 December 2016

Notes to the financial statements

1 Accounting policies (continued)

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.

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 expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and direct production overheads. Indirect production overheads and borrowing costs are not included in the cost.

Receivables

Receivables are measured at amortised cost.

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

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.

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.

Financial statements for the period 10 November 2015 - 31 December 2016

Notes to the financial statements

1 Accounting policies (continued)

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".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event 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.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 2 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Provisions that are expected to mature more than one year after the balance sheet date are discounted at average bond yields.

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

Liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Subordinate loan capital is recognised using the same method as applies to liabilities.

Financial statements for the period 10 November 2015 - 31 December 2016

Notes to the financial statements

	EUR	2015/16 14 months
2	**Financial expenses**	
	Interest expenses, group entities	549,841
	Other financial expenses	78,536
		628,377
3	**Tax for the year**	
	Estimated tax charge for the year	521,562
	Deferred tax adjustments in the year	-180,943
		340,619

4 **Intangible assets**

EUR	Acquired intangible assets
Cost at 10 November 2015	0
Additions in the year	739,804
Cost at 31 December 2016	739,804
Impairment losses and amortisation at 10 November 2015	0
Amortisation in the year	160,291
Impairment losses and amortisation at 31 December 2016	160,291
Carrying amount at 31 December 2016	579,513
Amortised over	5 years

5 **Property, plant and equipment**

EUR	Fixtures and fittings, tools and equipment
Cost at 10 November 2015	0
Additions in the year	1,048,607
Cost at 31 December 2016	1,048,607
Impairment losses and depreciation at 10 November 2015	0
Depreciation in the year	460,394
Impairment losses and depreciation at 31 December 2016	460,394
Carrying amount at 31 December 2016	588,213
Property, plant and equipment include finance leases with a carrying amount totalling	61,772
Amortised over	2-5 years

Financial statements for the period 10 November 2015 - 31 December 2016

Notes to the financial statements

6 **Investments**

EUR	Investments in subsidiaries	Investments in associates	Total
Cost at 10 November 2015	0	0	0
Additions in the year	87	27,093	27,180
Cost at 31 December 2016	87	27,093	27,180
Value adjustments at 10 November 2015	0	0	0
Dividend distributed	0	-66,599	-66,599
Share of the profit/loss for the year	-295,530	301,798	6,268
Transferred to provisions	295,443	0	295,443
Value adjustments at 31 December 2016	-87	235,199	235,112
Carrying amount at 31 December 2016	0	262,292	262,292

	Domicile	Interest
Subsidiaries		
SGM Service Srl.	Italy	100.00 %
SGM Lighting Inc.	USA	100.00 %

	Domicile	Interest
Associates		
SGM Deutschland GmbH	Germany	26.00 %
SGM bfl	Belgium	30.00 %
SGM Nordic AB	Sweden	33.00 %
SGM Japan Co. Ltd.	Japan	33.00 %

7 **Share capital**

The share capital consists of 2,000,000 shares of EUR 1,00 each.

Analysis of changes in the share capital over the past 2 years:

EUR	2015/16	Opening balance at 10 November 2015
Opening balance	68,000	68,000
Establishment	1,932,000	0
	2,000,000	68,000

8 **Long-term liabilities**

EUR	Total debt at 31/12 2016	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	58,544	23,942	34,602	0
Subordinate loan capital	2,000,000	0	2,000,000	0
Payables to group entities	1,000,000	0	1,000,000	0
	3,058,544	23,942	3,034,602	0

Financial statements for the period 10 November 2015 - 31 December 2016

Notes to the financial statements

	EUR	2015/16
9	**Deferred tax**	
	Deferred tax at 10 November	0
	Deferred tax for the year	-180,943
	Deferred tax at 31 December	-180,943

The provision for deferred tax primarily relates to timing differences in respect of intangible assets, fixtures and fittings, tools and equipment and other provisions.

	EUR	2015/16 14 months
10	**Staff costs**	
	Wages/salaries	5,307,547
	Pensions	334,446
	Other social security costs	94,221
	Other staff costs	121,859
	Staff costs transferred to non-current assets	-3,355,820
		2,502,253
	Average number of full-time employees	83

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

11 Contingencies, etc.

Contingent liabilities

Rent and lease liabilities include a rent obligation totalling EUR 3,053 thousand relating to interminable rent agreements with remaining contract terms of 9 years.

The Company has entered into a factoring agreement with the group enterprise SGM Finance ApS. Under the agreement, all significant debtor risks, including commercial risks and credit risks are transferred to SGM Light A/S in case of claims and outstanding payments. At 31 December 2016, debtor balances taken over totalled EUR 4,782 thousand.

The Company is jointly taxed with its parent, P.L.I. Professional Lighting International ApS, which acts as management company, and together with other jointly taxed group entities the Company has joint and several liability for the payment of income taxes for the income year 2016 and onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 10 November 2015.

12 Collateral

The Company has provided assets worth a total of EUR 54 thousand as collateral for the Company's debt to creditors.

Financial statements for the period 10 November 2015 - 31 December 2016

Notes to the financial statements

13 Related parties

SGM Light A/S' related parties comprise the following:

Information about consolidated financial statements

Parent	Domicile
P.L.I. Professionel Lighting International ApS	Åboulevarden 13, 8000 Aarhus C, Denmark

EUR	2015/16 14 months
14 Appropriation of profit/loss	
Recommended appropriation of profit	
Net revaluation reserve according to the equity method	235,112
Retained earnings	880,080
	1,115,192