



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Kastaniegården ApS

Gl. Hastrupvej 8, 4600 Køge

Company reg. no. 77 18 63 28

Annual report

2015/16

The annual report have been submitted and approved by the general meeting on the 23 November 2016.

Palle Normann Svendsen

Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.



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Management's report

The managing director has today presented the annual report of Kastaniegården ApS for the financial year 1 July 2015 to 30 June 2016.

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

I consider the accounting policies used appropriate, and in my opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively as on 30 June 2016, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 July 2015 to 30 June 2016.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Køge, 15 November 2016

Managing Director

Palle Normann Svendsen



The independent auditor's reports

To the shareholder of Kastaniegården ApS

Report on the consolidated annual accounts and the annual accounts

We have audited the consolidated annual accounts and the annual accounts of Kastaniegården ApS for the financial year 1 July 2015 to 30 June 2016, which comprise accounting policies used, profit and loss account, balance sheet and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the consolidated annual accounts and the annual accounts

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

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated annual accounts and the annual accounts based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts are free from material misstatements.

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

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

The audit has not resulted in any qualification.



The independent auditor's reports

Opinion

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 30 June 2016 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 July 2015 to 30 June 2016 in accordance with the Danish Financial Statements Act.

Statement on the management's review

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

Copenhagen, 15 November 2016

Christensen Kjarulff

Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Torben Laurentz Wiberg
State Authorised Public Accountant



Company data

The company

Kastaniegården ApS
Gl. Hastrupvej 8
4600 Køge

Company reg. no. 77 18 63 28
Established: 15 February 1985
Domicile: Køge
Financial year: 1 July - 30 June
31st financial year

Managing Director

Palle Normann Svendsen

Auditors

Christensen Kjarulff Statsautoriseret Revisionsaktieselskab

Subsidiaries

Delfi Technologies A/S, Denmark
Store Søvang ApS, Denmark
Delfi Technologies AB, Sweden
Delfi Technologies AS, Norway
Delfi Technologies Ltd., Vietnam
Delfi Technologies Inc., USA
Delfi GmbH, Germany
Delfi Technologies SRL, Italy



Consolidated financial highlights

DKK in thousands.	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>
Profit and loss account:			
Gross profit	43.180	28.189	30.055
Results from operating activities	9.620	4.535	8.544
Net financials	-908	1.535	2.902
Results for the year	5.967	4.076	7.609
Balance sheet:			
Balance sheet sum	74.498	60.169	54.935
Investments in tangible fixed assets represent Equity	3.457	0	63
	25.427	19.517	18.518
Cash flow:			
Operating activities	8.890	1.953	1.522
Investment activities	-8.625	-4.769	1.093
Financing activities	-4.886	-4.058	-3.679
Cash flow in total	-4.621	-6.874	-1.064
Employees:			
Average number of full time employees	91	70	59
Key figures in %: *)			
Solvency ratio	34,1	32,4	33,7
Return on equity	26,6	21,4	82,2

*) The key figures have been laid out in accordance with the publication "Anbefalinger & Nøgletal 2015" ("Recommendations & Key Figures 2015") published by the CFA Society Denmark. As to definitions, please see the section on accounting policies used.

The company changed its financial reporting to class C in 2013/2014, why no financial highlights and key figures from previous years are included.



Management's review

The principal activities of the group

The principal activities of the group and of Kastaniegården ApS are the sale and own development of future-oriented and value-added IT solutions to various industries and purposes, including inport of innovative hardware solutions supplied with software developed by the company.

The activities take place through Danish and foreign subsidiaries.

Development in activities and financial matters

The results from ordinary activities after tax are tDKK 5.967 against tDKK 4.076 last year. The management considers the results satisfactory.

The market penetration is steadily increasing concurrently with the breakthrough of new vertical sectors and the introduction of new products with great potential in both Denmark, Scandinavia, Germany and Italy.

The management of the company expects results of the next financial year in line with the results of this financial year.

Events subsequent to the financial year

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



Profit and loss account 1 July - 30 June

Amounts concerning 2015/16: DKK.

Amounts concerning 2014/15: DKK in thousands.

Note	Group		Parent company	
	2015/16	2014/15	2015/16	2014/15
	43.180.433	28.189	-69.169	-43
1 Staff costs	-31.298.737	-22.384	0	0
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-2.262.142	-1.262	0	0
Writedown relating to current assets, except from financial current assets	0	-8	0	-8
Operating profit	9.619.554	4.535	-69.169	-51
Income from equity investments in group enterprises	0	0	6.332.453	2.381
Other financial income from group enterprises	0	0	29.372	32
Other financial income	1.813.456	5.133	1.725.567	4.989
2 Other financial costs	-2.721.179	-3.598	-2.154.437	-2.796
Results before tax	8.711.831	6.070	5.863.786	4.555
3 Tax on ordinary results	-2.408.458	-1.753	103.114	-479
Results for the year	6.303.373	4.317	5.966.900	4.076
The minority interests' share of the results of the subsidiaries	-336.473	-241	0	0
The group share of the results for the year	5.966.900	4.076	5.966.900	4.076

Proposed distribution of the results:

Extraordinary dividend adopted during the financial year	0	3.000
Reserves for net revaluation as per the equity method	-229.782	1.222
Dividend for the financial year	0	0
Disposed to results brought forward	6.196.682	0
Disposed from results brought forward	0	-146
Distribution in total	5.966.900	4.076



Balance sheet 30 June

Amounts concerning 2016: DKK.

Amounts concerning 2015: DKK in thousands.

Note	Group		Parent company		
	2016	2015	2016	2015	
Assets					
Fixed assets					
4	Completed development projects, including patents and similar rights arising from development projects	1.381.990	529	0	0
5	Goodwill	1.480.339	1.900	0	0
	Intangible fixed assets in total	2.862.329	2.429	0	0
6	Land and property	11.406.782	9.685	0	0
7	Other plants, operating assets, and fixtures and furniture	2.385.088	1.380	0	0
	Tangible fixed assets in total	13.791.870	11.065	0	0
8	Equity investments in group enterprises	0	0	17.664.506	14.156
	Other securities and equity investments	16.218.634	11.006	16.143.653	11.006
	Deposits	102.340	125	0	0
	Financial fixed assets in total	16.320.974	11.131	33.808.159	25.162
	Fixed assets in total	32.975.173	24.625	33.808.159	25.162



Balance sheet 30 June

Amounts concerning 2016: DKK.

Amounts concerning 2015: DKK in thousands.

Assets

<u>Note</u>	Group		Parent company	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current assets				
Manufactured and commercial goods	16.535.656	12.412	0	0
Inventories in total	<u>16.535.656</u>	<u>12.412</u>	<u>0</u>	<u>0</u>
Trade debtors	21.885.498	20.442	0	0
Amounts owed by group enterprises	0	0	4.023.471	4.167
Receivable corporate tax	0	0	596.135	0
Other debtors	0	410	0	0
Accrued income and deferred expenses	571.862	669	0	0
Debtors in total	<u>22.457.360</u>	<u>21.521</u>	<u>4.619.606</u>	<u>4.167</u>
Cash funds	<u>2.529.404</u>	<u>1.611</u>	<u>206.772</u>	<u>0</u>
Current assets in total	<u>41.522.420</u>	<u>35.544</u>	<u>4.826.378</u>	<u>4.167</u>
Assets in total	<u>74.497.593</u>	<u>60.169</u>	<u>38.634.537</u>	<u>29.329</u>



Balance sheet 30 June

Amounts concerning 2016: DKK.

Amounts concerning 2015: DKK in thousands.

<u>Note</u>	Equity and liabilities		Parent company		
	<u>Group</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
	Equity				
9	Share capital	250.000	250	250.000	250
10	Reserves for net revaluation as per the equity method	0	0	10.454.470	10.747
11	Results brought forward	25.176.873	19.267	14.722.403	8.519
12	Proposed dividend for the financial year	0	0	0	0
	Equity in total	25.426.873	19.517	25.426.873	19.516
	Minority interests	145.992	110	0	0
	Provisions				
	Provisions for deferred tax	462.716	380	0	0
	Provisions concerning equity investments in group enterprises	0	0	1.016.100	1.125
	Provisions in total	462.716	380	1.016.100	1.125
	Liabilities				
13	Mortgage debt	4.959.928	5.481	0	0
	Long-term liabilities in total	4.959.928	5.481	0	0



Balance sheet 30 June

Amounts concerning 2016: DKK.

Amounts concerning 2015: DKK in thousands.

Equity and liabilities

<u>Note</u>	Group		Parent company	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term part of long-term liabilities	526.647	514	0	0
Bank debts	13.920.449	8.380	7.611	3.995
Trade creditors	19.099.603	16.316	35.000	25
Debt to group enterprises	0	0	12.003.030	4.516
Payable corporate tax	1.685.384	2.060	0	6
Other liabilities	8.260.009	7.411	145.923	146
Accrued expenses and deferred income	9.992	0	0	0
Short-term liabilities in total	<u>43.502.084</u>	<u>34.681</u>	<u>12.191.564</u>	<u>8.688</u>
Liabilities in total	<u>48.462.012</u>	<u>40.162</u>	<u>12.191.564</u>	<u>8.688</u>
Equity and liabilities in total	<u>74.497.593</u>	<u>60.169</u>	<u>38.634.537</u>	<u>29.329</u>

15 Mortgage and securities

16 Contingencies



Cash flow statement 1 July - 30 June

Amounts concerning 2015/16: DKK.

Amounts concerning 2014/15: DKK in thousands.

<u>Note</u>	Group	
	<u>2015/16</u>	<u>2014/15</u>
Results for the year	5.966.900	4.076
17 Adjustments	8.360.684	-524
18 Change in working capital	-1.906.363	100
Cash flow from operating activities before net financials	12.421.221	3.652
Interest received and similar amounts	1.813.457	5.129
Interest paid and similar amounts	-2.721.179	-3.598
Cash flow from ordinary activities	11.513.499	5.183
Corporate tax paid	-2.623.327	-3.230
Cash flow from operating activities	8.890.172	1.953
Purchase of intangible fixed assets	-1.792.016	-562
Purchase of tangible fixed assets	-3.457.041	-718
Sale of tangible fixed assets	74.443	22
Purchase of financial fixed assets	-394.700	-2.291
Purchase of enterprise	-2.993.160	-1.269
Dividends received	0	0
Other cash flows from (spent in) investment activities	-62.859	49
Cash flow from investment activities	-8.625.333	-4.769
Repayments of long-term debt	-526.547	-540
Dividend paid	-4.358.980	-3.518
Cash flow from financing activities	-4.885.527	-4.058
Changes in available funds	-4.620.688	-6.874
Cash funds 1 July 2015	-6.770.357	100
Cash funds 30 June 2016	-11.391.045	-6.774
Cash funds		
Cash funds	2.529.404	1.609
Short-term bank debts	-13.920.449	-8.383
Available funds 30 June 2016	-11.391.045	-6.774



Notes

Amounts concerning 2015/16: DKK.

Amounts concerning 2014/15: DKK in thousands.

	Group		Parent company	
	2015/16	2014/15	2015/16	2014/15
1. Staff costs				
Salaries and wages	25.374.111	17.998	0	0
Pension costs	1.757.243	1.184	0	0
Other costs for social security	1.332.040	1.401	0	0
Other staff costs	2.835.343	1.801	0	0
	31.298.737	22.384	0	0

Average number of employees	91	70	0	0
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	Group		Parent company	
	2015/16	2014/15	2015/16	2014/15
2. Other financial costs				
Interest, group enterprises	0	0	121.336	102
Other interest costs	2.721.179	3.598	2.033.101	2.694
	2.721.179	3.598	2.154.437	2.796

	Group		Parent company	
	2015/16	2014/15	2015/16	2014/15
3. Tax on ordinary results				
Tax of the results for the year, parent company	2.289.228	1.712	-103.114	479
Adjustment for the year of deferred tax	119.230	41	0	0
	2.408.458	1.753	-103.114	479



Notes

Amounts concerning 2016: DKK.

Amounts concerning 2015: DKK in thousands.

	Group		Parent company	
	30/6 2016	30/6 2015	30/6 2016	30/6 2015
4. Completed development projects, including patents and similar rights arising from development projects				
Cost 1 July	2.385.992	1.824	0	0
Additions during the year	1.792.016	562	0	0
Cost 30 June	4.178.008	2.386	0	0
Amortisation and writedown 1 July	-1.856.902	-1.446	0	0
Amortisation and writedown for the year	-939.116	-411	0	0
Amortisation and writedown 30 June	-2.796.018	-1.857	0	0
Book value 30 June	1.381.990	529	0	0
5. Goodwill				
Cost 1 July	2.098.145	75	0	0
Additions during the year	0	2.023	0	0
Cost 30 June	2.098.145	2.098	0	0
Amortisation and writedown 1 July	-198.177	-27	0	0
Amortisation and writedown for the year	-419.629	-171	0	0
Amortisation and writedown 30 June	-617.806	-198	0	0
Book value 30 June	1.480.339	1.900	0	0



Notes

Amounts concerning 2016: DKK.

Amounts concerning 2015: DKK in thousands.

	Group		Parent company	
	30/6 2016	30/6 2015	30/6 2016	30/6 2015
6. Land and property				
Cost 1 July	11.724.141	11.724	0	0
Additions during the year	1.985.445	0	0	0
Cost 30 June	13.709.586	11.724	0	0
Depreciation and writedown 1 July	-2.038.372	-1.814	0	0
Depreciation and writedown for the year	-264.432	-225	0	0
Depreciation and writedown 30 June	-2.302.804	-2.039	0	0
Book value 30 June	11.406.782	9.685	0	0



Notes

Amounts concerning 2016: DKK.

Amounts concerning 2015: DKK in thousands.

	Group		Parent company	
	<u>30/6 2016</u>	<u>30/6 2015</u>	<u>30/6 2016</u>	<u>30/6 2015</u>
7. Other plants, operating assets, and fixtures and furniture				
Cost 1 July	6.798.017	6.369	0	0
Additions concerning company transfer	0	9	0	0
Additions during the year	1.471.597	718	0	0
Disposals during the year	<u>-203.000</u>	<u>-298</u>	<u>0</u>	<u>0</u>
Cost 30 June	<u>8.066.614</u>	<u>6.798</u>	<u>0</u>	<u>0</u>
Depreciation and writedown 1 July	-5.418.268	-5.226	0	0
Translation by use of the exchange rate valid on balance sheet date 30 June	0	-3	0	0
Depreciation and writedown for the year	-391.825	-482	0	0
Depreciation, amortisation and writedown for the year, assets disposed of	<u>128.567</u>	<u>293</u>	<u>0</u>	<u>0</u>
Depreciation and writedown 30 June	<u>-5.681.526</u>	<u>-5.418</u>	<u>0</u>	<u>0</u>
Book value 30 June	<u>2.385.088</u>	<u>1.380</u>	<u>0</u>	<u>0</u>



Notes

Amounts concerning 2016: DKK.

Amounts concerning 2015: DKK in thousands.

	Parent company	
	30/6 2016	30/6 2015
8. Equity investments in group enterprises		
Acquisition sum, opening balance 1 July	3.407.638	1.323
Translation by use of the exc. rate valid on balance sheet date	-8.820	0
Additions during the year	403.520	2.085
Cost 30 June	3.802.338	3.408
Revaluations, opening balance 1 July	9.794.993	14.210
Translation by use of the exc. rate valid on balance sheet date	6.057	-130
Results for the year before goodwill amortisation	6.716.279	2.528
Dividend	-6.000.000	-6.318
Other movements in capital	0	-543
Value adjustments of hedging instruments	-62.859	49
Revaluation 30 June	10.454.470	9.796
Amortisation of goodwill, opening balance 1 July	-172.933	-27
Amortisation of goodwill for the year	-419.629	-146
Depreciation on goodwill 30 June	-592.562	-173
Offsetting against debtors	2.984.160	0
Transferred to provisions	1.016.100	1.125
Set off against debtors and provisions for liabilities	4.000.260	1.125
Book value 30 June	17.664.506	14.156
The items include goodwill with an amount of	1.480.339	1.900



Notes

Amounts concerning 2016: DKK.

Amounts concerning 2015: DKK in thousands.

The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	Equity DKK	Results for the year DKK	Book value at Kastaniegårde n ApS DKK
Delfi Technologies A/S, Denmark	100 %	12.433.280	6.463.073	12.433.280
Store Søvang ApS, Denmark	100 %	1.056.233	204.697	1.056.233
Delfi Technologies AB, Sweden	85 %	341.214	-289.115	341.214
Delfi Technologies AS, Norway	85 %	2.314.608	2.048.730	2.146.754
Delfi Technologies Ltd., Vietnam	90 %	229.652	-145.684	218.668
Delfi Technologies Inc., USA	100 %	-182.805	-1.020	0
Delfi GmbH, Germany	75 %	-3.607.682	-881.937	1.468.358
Delfi Technologies SRL, Italy	100 %	-447.920	-347.103	0
		12.136.580	7.051.641	17.664.507
	Group		Parent company	
	30/6 2016	30/6 2015	30/6 2016	30/6 2015
9. Share capital				
Share capital 1 July	<u>250.000</u>	<u>250</u>	<u>250.000</u>	<u>250</u>
	250.000	250	250.000	250
			Parent company	
			30/6 2016	30/6 2015
10. Reserves for net revaluation as per the equity method				
Reserves for net revaluation 1 July			10.747.108	9.476
Share of results			-229.782	1.222
Value adjustments of hedging instruments			-62.856	49
			10.454.470	10.747



Notes

Amounts concerning 2016: DKK.

Amounts concerning 2015: DKK in thousands.

	Group		Parent company	
	30/6 2016	30/6 2015	30/6 2016	30/6 2015
11. Results brought forward				
Results brought forward 1 July	19.266.772	18.689	8.519.664	8.795
Profit or loss for the year brought forward	5.643.061	1.172	6.196.682	-146
Foreign exchange adjustment	267.040	-594	6.057	-130
	25.176.873	19.267	14.722.403	8.519
12. Proposed dividend for the financial year				
Distributed dividend	-6.000.000	-3.000	-6.000.000	-3.000
Dividend for the financial year	6.000.000	3.000	6.000.000	3.000
	0	0	0	0
13. Mortgage debt				
Mortgage debt in total	5.486.575	5.995	0	0
Share of amount due within 1 year	-526.647	-514	0	0
	4.959.928	5.481	0	0
Share of liabilities due after 5 years	2.876.251	3.402	0	0
14. Liabilities				
	Instalments first year	Outstanding debt after 5 years	Debt in total 30 Jun 2016	Debt in total 30 Jun 2015
Mortgage debt	526.647	0	5.486.575	5.995
	526.647	0	5.486.575	5.995



Notes

Amounts concerning 2015/16: DKK.

Amounts concerning 2014/15: DKK in thousands.

15. Mortgage and securities

For the consolidated company's debts, TDKK 13.920, guarantee has been provided.

As security for Store Søvang ApS' mortgage debts, TDKK 5.486, mortgage has been granted in land and buildings, representing a book value of TDKK 11.407 at 30 June 2016.

As security for bank debts, Store Søvang ApS has provided security in company assets, representing a nominal value of TDKK 4.000. This security comprises the above land and buildings. Moreover, the company has issued owner's mortgage as security for bank debts concerning the company and the consolidated company. Cash funds, TDKK 578, have been provided as security for the consolidated company.

16. Contingencies

Contingent liabilities

Store Søvang ApS has entered into interest swap to hedge interest rate risk on the mortgage, TDKK 1.332, 20 years' maturity, pays a fixed rate of 4.19 % and receives EUROR 6M in floating rate.

Operational leasing

The group has entered into eight operational leasing contracts with an average annual leasing payment of tDKK 544. The leasing contracts have 11, 17, 19, 20, 39, 39, 41 and 42 months left to run, and the total outstanding leasing payment is tDKK 1.322.

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.



Notes

Amounts concerning 2015/16: DKK.

Amounts concerning 2014/15: DKK in thousands.

	Group	
	<u>2015/16</u>	<u>2014/15</u>
17. Adjustments		
Depreciation and amortisation	1.988.493	1.272
Writedown of current assets	3.361.108	-2.256
Income from equity investments in group enterprises	0	0
Other financial income	-1.813.456	-5.133
Other financial costs	2.721.179	3.598
Tax on ordinary results	2.408.458	1.753
Other adjustments	-305.098	242
	<u>8.360.684</u>	<u>-524</u>
18. Change in working capital		
Change in inventories	-4.123.417	-2.276
Change in debtors	-1.413.470	644
Change in trade creditors and other liabilities	3.630.524	1.081
Other changes in working capital	0	651
	<u>-1.906.363</u>	<u>100</u>



Accounting policies used

The annual report for Kastaniegården ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Kastaniegården ApS and those group enterprises of which Kastaniegården ApS directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.



Accounting policies used

By the takeover of new enterprises, the acquisition method is used, which means that the identified assets and liabilities of the newly acquired enterprises are measured at their fair value at the date of acquisition. Provisions are made for covering the costs of decided and published restructurings of the acquired enterprise in relation to the acquisition.

The positive difference (goodwill) between cost and fair value of taken-over, identified assets and liabilities, including provisions for restructuring, are recognised under intangible fixed assets and amortised systematically in the profit and loss account after an individual evaluation of their financial lifetime, however, with a maximum of 20 years. Negative differences (negative goodwill) which reflects an expected adverse development in the relevant enterprises are recognised in the balance sheet under accruals and recognised in the profit and loss account concurrently with the adverse development being realised. In relation to negative goodwill not concerning expected adverse development, an amount corresponding to the fair value of non-monetary assets is recognised in the balance sheet. Subsequently, the non-monetary assets are recognised in the profit and loss account over their average lifetime.

Goodwill and negative goodwill from acquired enterprises may be adjusted until the end of the year after the year of acquisition.

Gains or losses from the disposal or termination of group enterprises or associated enterprises are recognised as the difference between the sales price or the termination sum and the book value of the net assets at the sales date and expected costs of sale or termination.

Minority interests

The items of the group enterprises are recognised by 100 % in the consolidated annual accounts. The minority interests' proportionate share of the profit or loss and the equity of the group enterprises is adjusted annually and recognised as separate items in the profit and loss account and in the balance sheet.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.



Accounting policies used

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

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

Results from equity investments in group enterprises and associated enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual associated enterprises are recognised in the profit and loss account at a proportional share of the associated enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent company and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.



Accounting policies used

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 10 years.

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Goodwill

Purchased goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated financial life which is 5 years.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

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

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Buildings	30 years
Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.



Accounting policies used

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Financial fixed assets

Equity investments in group enterprises and associated enterprises

Equity investments in group enterprises and associated enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises and associated enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises and associated enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises and associated enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the take over of new group enterprises and associated enterprises, the acquisition method is applied, by which the taken over companies' assets and liabilities are measured at fair value at the time of take over. Provisions are made for covering costs in connection with decided restructuring projects in the taken over enterprise in connection with the take-over. The tax effect of the revaluation carried out is taken into consideration, cf. the below description of goodwill.



Accounting policies used

Positive differences (goodwill) between the acquisition value and the fair value of the assets and liabilities taken over, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and associated enterprises, and they are amortised over the estimated financial life. The financial life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategically taken over companies with a strong market position and a long range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price. Other unlisted securities are measured at fair value. The measurement is made on the basis of a return-based cash flow model based on expected future net cash flow over a period of 5 years and a terminal period. Furthermore, the fair value is adjusted for net interest-bearing debt.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Cash funds

Cash funds comprise cash at bank and in hand.



Accounting policies used

Equity - dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting.

Corporate tax and deferred tax

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

Kastaniegården ApS is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Kastaniegården ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or "Payable corporate tax".

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

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

Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the group has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the group.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. The provisions are measured at the net realisable value and recognised on basis of the obtained experience with guarantee work. If provisions have an expected due date later than 1 year from the balance sheet date, they are discounted at the average bond interest.



Accounting policies used

Liabilities

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

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities and payments related to the acquisition and sale of fixed assets.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Cash funds

Cash funds comprise cash funds with deduction of short-term bank debt and short term securities which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

The key figures



Accounting policies used

The key figures have been laid out in accordance with the publication "Anbefalinger & Nøgletal 2015" ("Recommendations & Key Figures 2015") published by the CFA Society Denmark.

The key figures in the survey appear as follows:

Acid test ratio
$$\frac{\text{Current assets} \times 100}{\text{Short-term liabilities}}$$

Equity share
$$\frac{\text{Equity less minority interests, closing balance} \times 100}{\text{Assets in total, closing balance}}$$

Return on equity
$$\frac{\text{*Results} \times 100}{\text{Average equity exclusive of minority interests}}$$

***Results** Results for the year with deduction of minority interests' share of
same

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