Eurowrap A/S

Odinsvej 30, DK-4100 Ringsted

Annual Report for 1 April 2016 - 31 March 2017

CVR No 79 52 41 15

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 28/6 2017

Anders Ditlev Jørgensen
Chairman

pwc

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Eurowrap A/S for the financial year 1 April 2016 - 31 March 2017.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 March 2017 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2016/17.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Ringsted, 28 June 2017

Executive Board

Anders Ditlev Jørgensen

Board of Directors

Carl Fürstenbach Chairman	Martin Ian Bramley	Anders Ditlev Jørgensen

Johnny Engelund Kampman

Independent Auditor's Report

To the Shareholder of Eurowrap A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2017 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 April 2016 - 31 March 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Eurowrap A/S for the financial year 1 April 2016 - 31 March 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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

Statement on Management's Review
Management is responsible for Management's Review.

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

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

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

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

Independent Auditor’s Report

Management’s responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group’s and the 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 Group or 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 these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 and the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 28 June 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen State Authorised Public Accountant	Henrik Y. Jensen State Authorised Public Accountant

Company Information

The Company	Eurowrap A/S Odinsvej 30 DK-4100 Ringsted Telephone: +45 57680321 CVR No: 79 52 41 15 Financial period: 1 April - 31 March Incorporated: 29 November 1985 Financial year: 32nd financial year Municipality of reg. office: Ringsted
Board of Directors	Carl Fürstenbach, Chairman Martin Ian Bramley Anders Ditlev Jørgensen Johnny Engelund Kampman
Executive Board	Anders Ditlev Jørgensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2016/17	2015/16	2014/15*	2013	2012
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	246.902	277.961	292.887	261.727	246.593
Gross profit/loss	78.208	89.641	102.254	90.645	81.801
Operating profit/loss	31.096	36.115	41.411	44.833	34.008
Net financials	-2.050	-2.439	-2.511	-1.678	-3.292
Net profit/loss for the year	24.239	28.610	32.080	32.669	25.717
Balance sheet					
Balance sheet total	198.385	200.296	210.928	261.140	240.661
Equity	123.415	105.425	121.617	134.488	120.539
Cash flows					
Cash flows from:					
- operating activities	38.265	30.522	60.078	35.668	46.387
- investing activities	-3.639	-4.600	-2.749	-950	-301
- financing activities	-15.209	-28.144	-70.060	-26.608	-86.188
Change in cash and cash equivalents for the year	19.417	-2.222	-12.731	8.110	-40.102
Number of employees	106	115	104	99	97
Ratios					
Gross margin	31,7%	32,2%	34,9%	34,6%	33,2%
Profit margin	13,3%	13,7%	14,8%	17,2%	13,8%
Return on assets	16,6%	19,0%	20,5%	17,2%	14,1%
Solvency ratio	62,2%	52,6%	57,7%	51,5%	50,1%
Return on equity	21,2%	25,2%	25,1%	25,6%	23,1%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

* The figures for 2014/15 are based on 15 month period.

Management's Review

Consolidated and Parent Company Financial Statements of Eurowrap A/S for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Key activities

Eurowrap is a leading designer, manufacturer and distributor of gift packaging including gift wrap, gift bags, gift tags, bows and ribbons and other related products.

The Group comprises of Eurowrap A/S in Denmark and Eurowrap Ltd. in England. The Danish company manufactures gift roll wrap and is responsible for group sales in Continental Europe, whereas the UK subsidiary is responsible for design, Far East sourcing and group sales in the UK.

Development in the year

The income statement of the Group for 2016/17 shows a profit of TDKK 24,239, and at 31 March 2017 the balance sheet of the Group shows equity of TDKK 123,415.

The past year and follow-up on development expectations from last year

The Group generally experienced a stable year and meet the expected results in local currencies.

As a large part of Group activities is in the UK, management expects the consequences of Brexit will have a negative impact in the years ahead.

Special risks

Operating risks

Eurowrap serves European retail where understanding market trends, customer requirements, expectations and on-time deliveries are essential for company performance. The business is seasonal with a large part of group turnover being Christmas items, which makes order timing and planning crucial for the business. The company has the normal risk attached to the market interest rate. The Company's mortgage loan have a flexible interest rate that will be adjusted twice a year.

Foreign exchange risks

The company's primary markets are England, Germany and Scandinavia. The foreign exchange risks are primarily attached to the English market.

Targets and expectations for the year ahead

Due to the current lower GBP rate to DKK as a consequence of Brexit, Group sales and earnings is expected to be reduced in the years ahead.

Management's Review

External environment

The Company has a highly energy-efficient production system which recycles hot air pressure and drying process several times after which the excess heat is used to heat the building via a cooling system that reduces energy and water consumption for cooling significantly. The company uses only water-based inks

Subsequent events

AE4 2012 Holding ApS and Eurowrap A/S merged after the balance sheet date as of 1 April 2017 with Eurowrap A/S as the continuing company. No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement
1 April 2016 - 31 March 2017

		Group		Parent	
	Note	2016/17	2015/16	2016/17	2015/16
		TDKK	TDKK	TDKK	TDKK
Revenue		**246.902**	**277.961**	**119.636**	**125.671**
Cost of sales	1	-168.694	-188.320	-95.253	-97.241
Gross profit/loss		**78.208**	**89.641**	**24.383**	**28.430**
Distribution expenses	1	-35.393	-40.276	-11.417	-12.552
Administrative expenses	1	-11.719	-13.250	-6.570	-7.314
Operating profit/loss		**31.096**	**36.115**	**6.396**	**8.564**
Other operating income		1.799	1.965	650	335
Profit/loss before financial income and expenses		**32.895**	**38.080**	**7.046**	**8.899**
Income from investments in subsidiaries		0	0	20.143	22.592
Financial income	3	10	11	113	227
Financial expenses		-2.060	-2.450	-1.890	-2.162
Profit/loss before tax		**30.845**	**35.641**	**25.412**	**29.556**
Tax on profit/loss for the year	4	-6.606	-7.031	-1.173	-946
Net profit/loss for the year		**24.239**	**28.610**	**24.239**	**28.610**

Balance Sheet 31 March 2017

Assets

		Group		Parent	
	Note	2016/17	2015/16	2016/17	2015/16
		TDKK	TDKK	TDKK	TDKK
Goodwill		340	1.840	0	0
Intangible assets	5	**340**	**1.840**	**0**	**0**
Land and buildings		75.014	78.920	58.465	60.511
Plant and machinery		8.270	7.793	8.009	7.426
Other fixtures and fittings, tools and equipment		2.422	2.847	745	1.089
Property, plant and equipment	6	**85.706**	**89.560**	**67.219**	**69.026**
Investments in subsidiaries	7	0	0	75.587	59.154
Fixed asset investments		**0**	**0**	**75.587**	**59.154**
Fixed assets		**86.046**	**91.400**	**142.806**	**128.180**
Inventories	8	**47.239**	**55.968**	**32.562**	**42.078**
Trade receivables		15.940	20.703	5.196	9.863
Receivables from group enterprises		0	0	517	1.222
Other receivables		6.359	9.068	2.302	4.988
Prepayments	9	1.767	1.540	1.767	1.540
Receivables		**24.066**	**31.311**	**9.782**	**17.613**
Cash at bank and in hand		**41.034**	**21.617**	**1.238**	**0**
Currents assets		**112.339**	**108.896**	**43.582**	**59.691**
Assets		**198.385**	**200.296**	**186.388**	**187.871**

Balance Sheet 31 March 2017

Liabilities and equity

	Note	Group 2016/17 TDKK	Group 2015/16 TDKK	Parent 2016/17 TDKK	Parent 2015/16 TDKK
Share capital		12.195	12.195	12.195	12.195
Revaluation reserve		19.816	26.992	19.816	26.992
Retained earnings		87.404	65.738	87.404	65.738
Proposed dividend for the year		4.000	500	4.000	500
Equity	10	**123.415**	**105.425**	**123.415**	**105.425**
Provision for deferred tax	11	11.403	12.246	10.372	11.086
Provisions		**11.403**	**12.246**	**10.372**	**11.086**
Mortgage loans		35.434	37.014	35.434	37.014
Credit institutions		3.053	4.189	0	0
Long-term debt	12	**38.487**	**41.203**	**35.434**	**37.014**
Mortgage loans	12	1.584	1.590	1.584	1.590
Credit institutions	12	3.184	15.582	2.088	14.674
Trade payables		9.772	13.664	8.692	12.150
Payables to group enterprises		0	0	232	537
Corporation tax		4.445	4.889	976	1.403
Other payables		6.095	5.697	3.595	3.992
Short-term debt		**25.080**	**41.422**	**17.167**	**34.346**
Debt		**63.567**	**82.625**	**52.601**	**71.360**
Liabilities and equity		**198.385**	**200.296**	**186.388**	**187.871**

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Statement of Changes in Equity

Group

	Share capital	Revaluation reserve	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 April	12.195	26.992	65.738	500	105.425
Net effect from change of accounting policy	0	-6.356	6.356	0	0
Adjusted equity at 1 April	12.195	20.636	72.094	500	105.425
Exchange adjustments	0	0	-3.892	0	-3.892
Ordinary dividend paid	0	0	0	-500	-500
Ordinary dividend on treasury shares	0	0	0	4.000	4.000
Fair value adjustment of hedging instruments, beginning of year	0	0	-5.830	0	-5.830
Fair value adjustment of hedging instruments, end of year	0	0	3.413	0	3.413
Tax on adjustment of hedging instruments for the year	0	0	560	0	560
Depreciation, amortisation and impairment for the year	0	-820	820	0	0
Net profit/loss for the year	0	0	20.239	0	20.239
Equity at 31 March	**12.195**	**19.816**	**87.404**	**4.000**	**123.415**

Statement of Changes in Equity

Parent

	Share capital	Revaluation reserve	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 April	12.195	26.992	65.738	500	105.425
Net effect from change of accounting policy	0	-6.356	6.356	0	0
Adjusted equity at 1 April	12.195	20.636	72.094	500	105.425
Exchange adjustments	0	0	-3.710	0	-3.710
Ordinary dividend paid	0	0	0	-500	-500
Ordinary dividend on treasury shares	0	0	0	4.000	4.000
Fair value adjustment of hedging instruments, beginning of year	0	0	-3.669	0	-3.669
Fair value adjustment of hedging instruments, end of year	0	0	1.054	0	1.054
Tax on adjustment of hedging instruments for the year	0	0	576	0	576
Depreciation, amortisation and impairment for the year	0	-820	820	0	0
Net profit/loss for the year	0	0	20.239	0	20.239
Equity at 31 March	**12.195**	**19.816**	**87.404**	**4.000**	**123.415**

Cash Flow Statement
1 April 2016 - 31 March 2017

	Note	Group 2016/17 TDKK	Group 2015/16 TDKK
Net profit/loss for the year		24.239	28.610
Adjustments	13	16.549	17.003
Change in working capital	14	6.358	-5.813
Cash flows from operating activities before financial income and expenses		**47.146**	**39.800**
Financial income		10	11
Financial expenses		-2.060	-2.449
Cash flows from ordinary activities		**45.096**	**37.362**
Corporation tax paid		-6.831	-6.840
Cash flows from operating activities		**38.265**	**30.522**
Purchase of property, plant and equipment		-3.639	-4.600
Cash flows from investing activities		**-3.639**	**-4.600**
Repayment of mortgage loans		-1.580	-1.595
Repayment of loans from credit institutions		-822	-1.264
Repayment of short-term credit institutions		-12.307	14.915
Dividend paid		-500	-40.200
Cash flows from financing activities		**-15.209**	**-28.144**
Change in cash and cash equivalents		**19.417**	**-2.222**
Cash and cash equivalents at 1 April		21.617	23.839
Cash and cash equivalents at 31 March		**41.034**	**21.617**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		41.034	21.617
Cash and cash equivalents at 31 March		**41.034**	**21.617**

Notes to the Financial Statements

	Group		Parent	
	2016/17	2015/16	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK
1 Staff				
Wages and Salaries	37.984	43.008	22.850	25.625
Pensions	2.019	2.354	1.077	1.318
Other social security expenses	893	1.004	466	517
	40.896	**46.366**	**24.393**	**27.460**
Wages and Salaries, pensions and other social security expenses are recognised in the following items:				
Cost of sales	17.076	20.698	17.076	20.698
Distribution expenses	15.990	17.236	2.788	2.110
Administrative expenses	7.830	8.432	4.529	4.652
	40.896	**46.366**	**24.393**	**27.460**
Average number of employees	**106**	**115**	**52**	**60**

Including remuneration to the Executive Board and Board of Directors TDKK 5.715 (2015/16: TDKK 5.766)

	Parent	
	2016/17	2015/16
	TDKK	TDKK
2 Distribution of profit		
Extraordinary dividend paid	0	40.200
Proposed dividend for the year	4.000	500
Retained earnings	20.239	-12.090
	24.239	**28.610**

Notes to the Financial Statements

3 Financial income

	Group 2016/17 TDKK	Group 2015/16 TDKK	Parent 2016/17 TDKK	Parent 2015/16 TDKK
Income from fixed asset investments	10	11	0	0
Interest received from group enterprises	0	0	113	227
	10	**11**	**113**	**227**

4 Tax on profit/loss for the year

	Group 2016/17 TDKK	Group 2015/16 TDKK	Parent 2016/17 TDKK	Parent 2015/16 TDKK
Current tax for the year	6.835	7.697	1.312	1.653
Deferred tax for the year	-229	-666	-139	-707
	6.606	**7.031**	**1.173**	**946**

5 Intangible assets

Group

	Goodwill TDKK
Cost at 1 April	19.176
Exchange adjustment	-1.126
Cost at 31 March	18.050
Impairment losses and amortisation at 1 April	17.336
Exchange adjustment	-1.011
Amortisation for the year	1.385
Impairment losses and amortisation at 31 March	17.710
Carrying amount at 31 March	**340**

	2016/17 TDKK	2015/16 TDKK
Amortisation and impairment of intangible assets are recognised in the following items:		
Distribution expenses	1.385	1.588
	1.385	**1.588**

Notes to the Financial Statements

6 Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 April	126.762	86.079	16.309	229.150
Exchange adjustment	-1.772	-160	-257	-2.189
Additions for the year	0	3.022	617	3.639
Disposals for the year	0	0	-2.186	-2.186
Cost at 31 March	124.990	88.941	14.483	228.414
Impairment losses and depreciation at 1 April	47.842	78.286	13.463	139.591
Exchange adjustment	-370	-134	-124	-628
Depreciation for the year	2.504	2.519	900	5.923
Reversal of impairment and depreciation of sold assets	0	0	-2.178	-2.178
Impairment losses and depreciation at 31 March	49.976	80.671	12.061	142.708
Carrying amount at 31 March	**75.014**	**8.270**	**2.422**	**85.706**

	2016/17	2015/16
	TDKK	TDKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:		
Cost of sales	4.485	3.904
Distribution expenses	971	1.107
Administrative expenses	467	479
	5.923	**5.490**

Notes to the Financial Statements

6 **Property, plant and equipment** (continued)

Parent

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 April	103.672	83.989	12.948	200.609
Additions for the year	0	3.022	0	3.022
Disposals for the year	0	0	-1.751	-1.751
Kostpris at 31 March	103.672	87.011	11.197	201.880
Impairment losses and depreciation at 1 April	43.161	76.563	11.860	131.584
Depreciation for the year	2.046	2.439	343	4.828
Reversal of impairment and depreciation of sold assets	0	0	-1.751	-1.751
Impairment losses and depreciation at 31 March	45.207	79.002	10.452	134.661
Carrying amount at 31 March	**58.465**	**8.009**	**745**	**67.219**

	2016/17	2015/16
	TDKK	TDKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:		
Cost of sales	4.485	3.904
Distribution expenses	42	42
Administrative expenses	301	289
	4.828	**4.235**

Notes to the Financial Statements

7 Investments in subsidiaries

	Parent 2016/17 TDKK	Parent 2015/16 TDKK
Cost at 1 April	92.161	92.161
Cost at 31 March	92.161	92.161
Value adjustments at 1 April	-33.007	-21.060
Exchange adjustment	-3.710	-10.306
Net profit/loss for the year	20.143	22.592
Dividend to the Parent Company	0	-24.233
Value adjustments at 31 March	-16.574	-33.007
Carrying amount at 31 March	**75.587**	**59.154**

Investments in subsidiaries are specified as follows in GBP thousand:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Euro Wrap Ltd.	Skelmersdale, UK	2	100%	8.430	2.561

8 Inventories

	Group 2016/17 TDKK	Group 2015/16 TDKK	Parent 2016/17 TDKK	Parent 2015/16 TDKK
Raw materials and consumables	10.777	15.115	10.777	15.115
Work in progress	7.735	10.337	7.735	10.337
Finished goods and goods for resale	28.727	30.516	14.050	16.626
	47.239	**55.968**	**32.562**	**42.078**

9 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

Notes to the Financial Statements

10 Equity

The share capital consists of 12,195 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

11 Provision for deferred tax

	Group		Parent	
	2016/17	2015/16	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK
Provision for deferred tax at 1 April	12.246	12.235	11.086	10.113
Amounts recognised in the income statement for the year	-229	-666	-139	-707
Amounts recognised in equity for the year	-614	677	-576	1.680
Provision for deferred tax at 31 March	**11.403**	**12.246**	**10.372**	**11.086**

12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2016/17	2015/16	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	29.068	29.062	29.068	29.062
Between 1 and 5 years	6.366	7.952	6.366	7.952
Long-term part	35.434	37.014	35.434	37.014
Within 1 year	1.584	1.590	1.584	1.590
	37.018	**38.604**	**37.018**	**38.604**

Notes to the Financial Statements

12 Long-term debt (continued)

	Group		Parent	
	2016/17	2015/16	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
Between 1 and 5 years	3.053	4.189	0	0
Long-term part	3.053	4.189	0	0
Other short-term debt to credit institutions	3.184	15.582	2.088	14.674
	6.237	**19.771**	**2.088**	**14.674**

13 Cash flow statement - adjustments

	Group	
	2016/17	2015/16
	TDKK	TDKK
Financial income	-10	-11
Financial expenses	2.060	2.450
Depreciation, amortisation and impairment losses, including losses and gains on sales	8.692	5.491
Tax on profit/loss for the year	6.606	7.031
Other adjustments	-799	2.042
	16.549	**17.003**

14 Cash flow statement - change in working capital

Change in inventories	7.655	-49
Change in receivables	4.295	1.059
Change in trade payables and other payables	-3.175	-2.198
Fair value adjustments of hedging instruments	-2.417	-4.625
	6.358	**-5.813**

15 **Contingent assets, liabilities and other financial obligations**

	Group		Parent	
	2016/17	2015/16	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK
Charges and security				
The following assets have been placed as security with mortgage credit institutes:				
Land and buildings with a carrying amount of	75.014	78.920	58.465	60.511
The following assets have been placed as security with bankers:				
Mortgage registered to the mortgagor amounting to TDKK 50,000 in land and buildings with a carrying amount of	75.014	78.920	58.465	60.511
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	1.794	1.988	222	283
Between 1 and 5 years	1.221	3.136	115	350
	3.015	**5.124**	**337**	**633**

Other contingent liabilities

The Danish group enterprises are jointly and severally liable for tax on the jointly taxed income of the Group and for Danish taxes at source such as dividend tax, tax on royalty payments and withholding tax.

AE4 2012 Holding ApS and Eurowrap Ltd has given suretyship for Eurowrap A/S' banks.

Notes to the Financial Statements

16 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent	
	2016/17	2015/16	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK
Assets	3.413	5.830	1.054	3.669

The group has entered into a number of forward contracts during the year which had not been settled at 31 March 2017. The purpose of these contracts was to hedge future fluctuations in the GBP and USD exchange rate and the resultant impact on purchases. At the balance sheet date, the fair value of the forward exchange contracts amounts to TDKK 3.413 (2016: TDKK 5.830).

17 Related parties

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

AE4 2012 Holding ApS

Consolidated Financial Statements

The company is included in the Group Annual report of

Name	Place of registered office
AE4 2012 Holding AB	Box 559 64 102 16 Stockholm

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Eurowrap A/S for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements for 2016/17 are presented in TDKK.

Changes in accounting policies

The Company has changed its accounting policies due to a change in law no. 738 of 1 June 2015 (change in The Danish Financial Statement Act). An amount has been reserved in the equity due to previous value adjustments on the cost price on fixed assets. The reserve has not been decreased with amortizations during the period until 31 March 2016. As per 1 April 2016 the reserve has been reduced with TDKK 6.356 corresponding to the amortizations before 1 April 2016. Consequently, the comparative figures have not been changed. The change has no effect on the financial position of the Company at 31 March 2017 and of the results of the Company operations for the financial year 1 April 2016 - 31 March 2017.

The other accounting policies applied remain unchanged from last year.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, write-downs, provisions amd reversals due to changed accounting estimates of amounts previously recognized in the income statement..

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Eurowrap A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income

Notes to the Financial Statements

18 Accounting Policies (continued)

and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life, but not exceeding 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise. Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening

18 Accounting Policies (continued)

equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress concerning equipment for the manufacturing of furniture is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company.

Notes to the Financial Statements

18 Accounting Policies (continued)

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Cost of sales also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs. Furthermore, amortisation of goodwill is included to the extent that goodwill relates to production activities. Finally, provisions for losses on contract work are recognised.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprises, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

18 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The tax recognised in the income statement is classified as tax on ordinary activities and tax on extraordinary items, respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with the danish parent company. The tax effect of the joint taxation with the parent company is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Property, plant and equipment

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	10-50	years
Production plant and machinery	3-15	years
Other fixtures and fittings, tools and equipment	3-5	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

Notes to the Financial Statements

18 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Notes to the Financial Statements

18 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

18 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Current asset investments”. ”Current asset investments” consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$

Notes to the Financial Statements

18 Accounting Policies (continued)

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$