



Building a better
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Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Designit Oslo AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Designit Oslo AS, which comprise the balance sheet as at 31 March 2018, the income statement and statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 March 2018 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that



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includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) 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 in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment 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 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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 13 June 2018
ERNST & YOUNG AS



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Sdl-

Kjetil Andersen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)



Annual report 31.03.2018

Board of directors' report

Annual accounts

- Income statement**
- Balance sheet**
- Cash flow statement**
- Notes**

Auditors' report



Designit Oslo AS

Income statement

	Note	31.03.2018	31.03.2017
Revenue			
Sales revenue	6	<u>67 214 376</u>	<u>72 331 811</u>
Operating expenses			
Cost of stocks		2 860 388	10 203 786
Payroll expenses	2	47 194 166	37 198 703
Depreciation of tangible and intangible fixed assets	3	2 229 621	1 537 243
Bad debts		-3 502	729 118
Other operating expenses	2	<u>14 043 013</u>	<u>13 062 463</u>
Total operating expenses		<u>66 323 686</u>	<u>62 731 313</u>
Operating result		<u>890 690</u>	<u>9 600 498</u>
Financial income and expenses			
Other interest income		229 584	3 255
Foreign exchange income		428 565	162 500
Other interest expenses		226 076	382 480
Foreign exchange losses (disagio)		860 371	0
Other financial expenses		<u>15 581</u>	<u>8 571</u>
Net financial items		<u>-443 879</u>	<u>-225 296</u>
Ordinary result before tax		<u>446 811</u>	<u>9 375 202</u>
Tax on ordinary result	5	<u>147 129</u>	<u>2 251 249</u>
Net profit or loss for the year		<u>299 682</u>	<u>7 123 953</u>
Allocated as follows			
Transferred to other equity	4	<u>299 682</u>	<u>7 123 953</u>

Designit Oslo AS

Balance sheet

	Note	31.03.2018	31.03.2017
Fixed assets			
<i>Intangible assets</i>			
Deferred tax asset	5	<u>484 396</u>	<u>293 607</u>
Total intangible assets		<u>484 396</u>	<u>293 607</u>
<i>Tangible assets</i>			
Fixtures and fittings, tools, office machinery etc.	3	<u>6 343 537</u>	<u>7 209 338</u>
Total tangible assets		<u>6 343 537</u>	<u>7 209 338</u>
Total fixed assets		<u>6 817 578</u>	<u>7 502 945</u>
Current assets			
<i>Receivables</i>			
Trade receivables		12 599 471	11 859 303
Other receivables		<u>4 572 962</u>	<u>4 907 099</u>
Total accounts receivable		<u>17 172 433</u>	<u>16 766 402</u>
Cash and cash equivalents		<u>3 190 680</u>	<u>5 970 852</u>
Total current assets		<u>20 363 113</u>	<u>22 737 254</u>
Total assets		<u>27 191 047</u>	<u>30 240 199</u>

Designit Oslo AS

Balance sheet

	Note	31.03.2018	31.03.2017
Equity			
<i>Paid-in capital</i>			
Share capital	4	100 000	100 000
Share premium reserve	4	4 000	4 000
Total paid-in capital		<u>104 000</u>	<u>104 000</u>
<i>Retained earnings</i>			
Other equity	4	<u>8 738 831</u>	<u>8 439 150</u>
Total retained earnings		<u>8 738 831</u>	<u>8 439 150</u>
Total equity		<u>8 842 831</u>	<u>8 543 150</u>
Liabilities			
<i>Current liabilities</i>			
Trade creditors		318 220	2 471 467
Tax payable	5	2 750 747	2 442 018
Public duties payable		4 030 238	4 776 488
Other short-term liabilities		<u>11 249 011</u>	<u>12 007 075</u>
Total current liabilities		<u>18 348 216</u>	<u>21 697 049</u>
Total liabilities		<u>18 348 216</u>	<u>21 697 049</u>
Total equity and liabilities		<u>27 191 047</u>	<u>30 240 199</u>

Oslo, 31. May 2018

Sd/-
Ashish Chawla
Chairman of the board

Sd/-
Christian Sogaard
Board member

Sd/-
Elizabeth Matre-Aas
General manager

Designit Oslo AS

Balance sheet

	Note	31.03.2018	31.03.2017
Equity			
<i>Paid-in capital</i>			
Share capital	4	100 000	100 000
Share premium reserve	4	4 000	4 000
Total paid-in capital		<u>104 000</u>	<u>104 000</u>
<i>Retained earnings</i>			
Other equity	4	<u>8 738 831</u>	<u>8 439 150</u>
Total retained earnings		<u>8 738 831</u>	<u>8 439 150</u>
Total equity		<u>8 842 831</u>	<u>8 543 150</u>
Liabilities			
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Oslo, 31. May 2018

Sd/-
Ashish Chawla
Chairman of the board

Sd/-
Christian Sogaard
Board member

Sd/-
Elizabeth Matre-Aas
General manager

Designit Oslo AS

Notes

Cash Flow Statement

Cash flow from operating activities

Profit before tax	446 811
Share of profit in subsidiaries / associated companies	-
Depreciation/Impairment of assets	2 229 621
Taxes paid	-
Loss on sale of fixed assets	-
Gain on sale of fixed assets	-
Change in trade receivables, inventories and payables	-2 893 415
Change in other receivables	334 137
Differences in pension liabilities	-
Effect of exchange rate changes	-
Other changes in other accruals	-1 533 503
Net cash flow from operating activities	-1 416 351

Cash flow from investing activities

Sale/(purchase) of fixed assets	-1 363 821
Sale/(purchase) of intangible assets	-
Sale/(purchase) of financial assets in group companies	-
Proceeds from short term receivables	-
Sale/(purchase) of other investments	-
Net cash flow from investing activities	-1 363 821

Cash flow from financing activities

Proceeds/(repayment) from issuance of long-term debt	-
Proceeds/(repayment) from issuance of short-term debt	-
Issue/(buyback) of equity	-
Payment of dividends	-
Payments received from subsidiaries	-
Net cash flow from financing activities	-

Net change in cash and cash equivalents	-2 780 172
Cash and cash equivalents as on 01.04	5 970 852
Cash and cash equivalents as on 31.03	3 190 680

Designit Oslo AS

Notes

Note - 1 Accounting Principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Foreign currency translation

Foreign currency transactions are translated using the year end exchange rates.

Sales revenue

Sales revenues are recognized at the time of delivery. Revenue from services are recognized at execution. The share of sales revenue associated with future services are recorded in the balance sheet as deferred sales revenue, and are recognized at the time of execution.

Income tax

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 23 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative, are balance out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

To what extent group contribution not is registered in the profit and loss, the tax effect of group contribution is posted directly against the investment in the balance.

Balance sheet classification

Net current assets comprise creditors due within one year, and entries related to goods circulation. Other entries are classified as fixed assets and/or long term creditors.

Current assets are valued at the lower of acquisition cost and fair value. Short term creditors are recognized at nominal value.

Fixed assets are valued by the cost of acquisition, in the case of non incidental reduction in value the asset will be written down to the fair value amount. Long term creditors are recognized at nominal value.

Property, plant and equipment

Property, plant and equipment is capitalized and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

Trade and other receivables

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments. In addition, for the remainder of accounts receivables outstanding balances, a general provision is carried out based on expected loss.

Designit Oslo AS

Notes

Note 2 - Wage costs, number of employees, remuneration, loans to employees and auditor's fee

<i>Wage costs</i>	31.03.2018	31.03.2017
Salaries	36 924 867	30 419 256
Payroll tax	5 825 736	4 192 002
Pension costs	1 649 139	1 051 183
Other payments	2 794 424	1 536 262
Total	<u>47 194 166</u>	<u>37 198 703</u>

The total number of employees in the company during the year: 61

Management remuneration

	General manager 01.17 - 08.17 and 12.17	General manager 09.17 -11.17
Salary	1 606 661	724 157
Pension expenses	58 416	35 928
Bonus	1 640 994	515 317
Other remuneration	10 351	9 372

The management remuneration is for the whole year in 2017.

Note 3 - Tangible assets

		Land, buildings and other property	Total
Acquisition cost 01.04.	2 951 430	7 143 929	10 095 359
Purchased tangibles	436 884	926 937	1 363 821
Acquisition cost 31.03.	<u>3 388 314</u>	<u>8 070 866</u>	<u>11 459 179</u>
Acc.depreciation 31.03.	-2 398 646	-2 716 996	-5 115 642
Net carrying amount at 31.03.	<u>989 668</u>	<u>5 353 870</u>	<u>6 343 537</u>
Depreciation for the year	622 294	1 607 327	2 229 621
Useful economic life	3-5 y	5 y	

Note 4 - Owners equity

	Share capital	Share premium reserve	Other equity	Total
Owners equity 01.04.	100 000	4 000	8 439 150	8 543 150
Profit for the year	0	0	299 682	299 682
Owners equity 31.03.	<u>100 000</u>	<u>4 000</u>	<u>8 738 832</u>	<u>8 842 832</u>

Designit Oslo AS

Notes

Note 5 - Income taxes

<i>Income tax expenses</i>	31.03.2018	31.03.2017
Tax payable	308 729	2 442 013
Change in deferred tax	-190 789	-190 769
Adjustment, previous years	29 189	
Total income tax expense	<u>147 129</u>	<u>2 251 244</u>
<i>Tax base estimation</i>	31.03.2018	31.03.2017
Ordinary result before tax	446 811	9 375 204
Permanent differences	0	0
Change in temporary differences	839 561	1 033 604
Loss carry forward	0	-233 731
Tax base	<u>1 286 371</u>	<u>-10 175 077</u>
<i>Temporary differences outlined</i>	31.03.2018	31.03.2017
Fixed assets	-1 421 957	-403 609
Receivables	<u>-684 114</u>	<u>-819 755</u>
	<u>-2 106 071</u>	<u>-1 223 364</u>
Deferred income tax liability (23% this year, 24% last year)	-484 396	-293 607

Tax payable in the balance sheet consist of tax payable for 2016/17 and 2017/18.

Note 6 Provisions for unsecured receivables / loss for the year on receivables

	31.03.2018	31.03.2017
Realized losses on customers	-3 502	729 118
Provision of loss on customers per. 31.03.	684 114	735 186
Loss on receivables for the year	<u>680 612</u>	<u>1 464 304</u>

Annual Report 2017/18

Designit Oslo AS
Company No.: 990 679 614

Type of business

Designit Oslo AS operates 360-degree design, idea and product development as well as trade and participation in other activities that naturally fall under this.
The company has an office in Oslo.

Development in earnings and position

Revenue for the period 01.04.2017-31.03.2018 was 67,2 MNOK, 5,1 MNOK lower than the previous year. The profit for the year is reduced to 0,3 MNOK from 7,12 MNOK (after tax). The total capital was at the end of the year 27,19 MNOK compared with 30,24 MNOK the year before. The company has equity of 8,84 MNOK at 31 March 2018, against 8,54 NOK in 2017.

The Board believes that the financial statements presented provide a true and fair view of the development and the result of the company's business and position.

Going concern

In accordance with section 3-3 of the Norwegian Accounting Act, it is confirmed that the conditions for continued operation are present. The company has made a profit over the last three years as of 31 March 2018 and an equity ratio of 32,5%. The criteria for continued operation are considered as fulfilled.


Equality

The company's board consist of two men.


Environmental

The company's business does not pollute the external environment.

Oslo, 31, May 2018


Ashish Chawla
Chairman of the board


Christian Sogaard
Board member


Elizabeth Matre-Aas
General manager