API Maintenance Systems A/S

Sydvestvej 21, 2
2600 Glostrup

CVR no. 12 37 94 98

Annual report 2017

The annual report was presented and approved at the Company's annual general meeting on

24 May 2018

Michael Ries
chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of API Maintenance Systems A/S for the financial year 1 January – 31 December 2017.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2017.

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

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

Glostrup, 24 May 2018
Executive Board:

Michael Ries

Board of Directors:

Erik Balleby Jensen Chairman	Lars Torpe Christoffersen	Johan Åke Andersson
Petra Margareta Ellegaard Helfferich		

Independent auditor's report

To the shareholders of API Maintenance Systems A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of API Maintenance Systems A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company 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 that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent 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 consolidated financial statements and the parent company 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.

KPMG

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 Group's and the Parent 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 in preparing the consolidated financial statements and the parent company 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 Parent 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 consolidated financial statements and the parent company 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 Group and the Company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 24 May 2018
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jette Kjær Bach
State Authorised
Public Accountant
MNE no. 19812

Management's review

Company details

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2600 Glostrup

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Website:	www.apipro.com
CVR no.:	12 37 94 98
Established:	1 August 1988
Registered office:	Glostrup
Financial year:	1 January – 31 December

Board of Directors

Erik Balleby Jensen, Chairman
Lars Torpe Christoffersen
Johan Åke Andersson
Petra Margareta Ellegaard Helfferich

Executive Board

Michael Ries

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Annual general meeting

The annual general meeting will be held on 24 May 2018 at the Company's address.

Management's review

Financial highlights for the Group

DKK'000	2017	2016	2015	2014	2013
Key figures					
Revenue	95,594	70,686	61,805	57,288	47,159
Gross profit	65,212	48,506	45,459	38,890	33,198
Ordinary operating profit	14,149	10,266	8,936	11,374	10,105
Profit/loss from financial income and expenses	-720	-426	460	-327	-587
Profit for the year	10,343	7,904	7,286	8,867	7,126
Total assets	102,254	95,580	47,876	39,815	33,580
Equity	33,999	23,760	15,040	14,896	12,568
Cash flows from operating activities	20,641	16,960	17,509	9,586	0
Cash flows from investing activities	-13,198	-23,454	-7,666	-6,130	0
Cash flows from financing activities	-5,492	6,006	-6,573	-5,000	0
Change in cash and cash equivalents for the year	1,951	-488	3,270	-1,544	0
Investment in property, plant and equipment	608	892	519	622	221
Ratios					
Gross margin	68.22%	68.62%	73.55%	67.89%	70.40%
Operating margin	14.80%	14.52%	12.04%	19.85%	21.43%
Return on equity	36.81%	40.74%	48.70%	64.60%	61.90%
Solvency ratio	33.25%	24.50%	31.40%	37.40%	37.40%
Return on assets	13.84%	10.60%	18.70%	28.60%	30.10%

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios 2015". The financial ratios have been calculated as follows:

Gross margin $$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$$

Operating margin $$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$$

Return on equity $$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

Solvency ratio $$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$$

Return on assets $$\frac{\text{Profit before financial items x 100}}{\text{Total assets}}$$

Management's review

Operating review

Main activities

The main activity of the Company and the Group is the development and worldwide sales of the software systems API PRO and Axxos OEE including related services to be used by medium-sized and large manufacturing and utility companies for maintenance management and production optimisation.

The Company is the parent company of the API Maintenance Systems Group (API), which consists of companies in Denmark, Sweden, Belgium, Germany, USA and India.

The main part of the Company's revenue comes from exports, mainly to north-west Europe. In addition to sales through own companies and offices, API cooperates with a number of international partners and distributors.

Development in the year

The financial result of the Swedish company Axxos AB acquired by API in November 2016 and only partly included in last years' report is fully included in this report.

During the year investments have been made in increased sales and marketing resources and product development.

In 2017, the gross profit increased by 34% to DKK 65,212 thousand compared to the previous year, and the profit before tax amounted to DKK 13,429 thousand. The balance sheet shows equity before non-controlling interests of DKK 33,999 thousand.

Management considers the financial result for the year acceptable.

Subsequent events

For strategic reasons it was decided to sell API's part of API China to the JV partner, i.e. the local management team. The deal was signed on 30 December 2017, and the change of ownership will be fully implemented during Q1 2018. API China will continue as a business partner to API covering the Chinese market.

Outlook

API's expectations for the future are good. The global market for maintenance management systems (EAM) and production optimisation (OEE) is growing, and API has in recent years built up a strong position among the international EAM/OEE suppliers for medium-sized and large manufacturing companies.

For 2018, the Company expects higher revenue and earnings compared to 2017.

Particular risks

The Group's risks cover a number of areas, each of which involve different risks. The management identifies and manages risks within the Group's business areas. Against this background, the Company has identified the key risks in 2017 in terms of likelihood and impact.

Management's review

Operating review

Operating risks

A significant part of API's revenue is recurring from Software as a Service (cloud computing) and support agreements with customers, which helps to ensure API a steady and recurring income.

The ongoing development and release of versions of the software helps to ensure API's consulting revenue.

Financial Risks

Interest-bearing debt is issued with a variable interest rate which exposes the Group to risks from changes in interest rates. The Group's debt is denominated in DKK, and therefore the Group has no significant currency risk here.

It is the Group's policy to reduce currency risks by assessing the individual projects and markets for any hedging. The Group's debtors and creditors are primarily traded in DKK, EUR and SEK. A natural hedging is primarily performed against exchange rate fluctuations through a balancing of income and expenditure in the single currency when this is found possible.

Intellectual Capital

API is a modern IT/software company that develops innovative software products. As part of the retention of the knowledge and skills level, interdisciplinary knowledge and broad application of knowledge sharing across the Group is in focus. The "Project Management Office" (PMO) is working with best practice across countries and products.

Environmental matters

API continuously strives to reduce energy consumption by, among others, buying low-consumption IT equipment and lighting equipment. API also has a sorting of waste system and a bottle return system for plastic bottles designed to reduce the amount of waste that cannot be reused.

Research and Development Activities

It is an important competitive factor for API to be at the forefront of the technological development. A significant portion of the total costs are therefore used for research and development.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

		Group		Parent Company	
DKK'000	Note	2017	2016	2017	2016
Revenue		95,594	70,686	62,523	60,943
Cost of goods sold		-10,556	-7,508	-6,260	-6,607
Other external costs		-19,826	-14,672	-30,577	-29,385
Gross profit		65,212	48,506	25,686	24,951
Staff costs	2	-41,968	-32,087	-13,648	-11,354
Depreciation, amortisation and impairment		-9,095	-6,153	-5,941	-5,911
Operating profit		14,149	10,266	6,097	7,686
Financial income	3	850	601	745	642
Financial expenses	4	-1,570	-1,027	-1,551	-891
Profit before tax		13,429	9,840	5,291	7,437
Tax on profit for the year	5	-3,086	-1,936	-1,166	-1,639
Share of profit for the year	6	10,343	7,904	4,125	5,798

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK'000	Note	2017	2016	2017	2016
ASSETS					
Fixed assets					
Intangible assets	7				
Completed development projects		5,730	11,460	5,730	11,460
Goodwill		12,839	13,515	0	0
Development projects in progress		21,640	9,061	18,750	9,061
Software		8,360	10,450	0	0
		48,569	44,486	24,480	20,521
Property, plant and equipment	8				
Fixtures and fittings, tools and equipment		1,123	1,081	454	334
Leasehold improvements		74	70	74	70
		1,197	1,151	528	404
Investments					
Investments in subsidiaries	9	0	0	30,722	29,958
Other receivables		253	242	253	242
		253	242	30,975	30,200
Total fixed assets		50,019	45,879	55,983	51,125

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK'000	Note	2017	2016	2017	2016
Current assets					
Inventories					
Raw materials and consumables		262	495	0	0
		262	495	0	0
Receivables					
Trade receivables		32,970	32,923	19,298	22,889
Receivables from group entities		4,524	4,067	9,674	10,794
Construction contracts		711	1,431	0	0
Other receivables		468	630	43	0
Corporation tax		334	309	0	0
Prepayments		1,533	1,236	664	609
		40,540	40,596	29,679	34,292
Cash at bank and in hand		11,433	8,610	3,046	906
Total current assets		52,235	49,701	32,725	35,198
TOTAL ASSETS		102,254	95,580	88,708	86,323

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK'000	Note	2017	2016	2017	2016
EQUITY AND LIABILITIES					
Equity					
Contributed capital		1,500	1,500	1,500	1,500
Reserve for development costs		21,640	9,061	18,750	9,061
Retained earnings		10,859	13,199	7,152	12,716
Total equity		33,999	23,760	27,402	23,277
Non-controlling interests					
Non-controlling interests		334	261	0	0
		334	261	0	0
Provisions					
Provisions for deferred tax	10	7,119	6,676	5,280	4,377
Total provisions		7,119	6,676	5,280	4,377

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK'000	Note	2017	2016	2017	2016
Liabilities other than provisions					
Non-current liabilities other than provisions	11				
Loans		5,500	13,000	5,500	13,000
		5,500	13,000	5,500	13,000
Current liabilities other than provisions					
Current portion of non-current liabilities		7,500	0	7,500	0
Banks, current liabilities		2,084	1,212	2,084	1,212
Trade payables		3,379	3,860	1,568	2,405
Payables to group entities		0	0	11,949	8,671
Corporation tax		5,067	4,020	2,611	3,146
Other payables		16,428	16,922	5,227	5,556
Deferred income	12	18,879	18,869	17,622	17,679
Dividend payable		1,965	7,000	1,965	7,000
		55,302	51,883	50,526	45,669
Total liabilities other than provisions		60,802	64,883	56,026	58,669
TOTAL EQUITY AND LIABILITIES		102,254	95,580	88,708	86,323

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Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Group				
	Share capital	Reserve for development costs	Retained earnings	Total	Non-controlling interests
Equity at 1 January 2017	1,500	9,061	13,199	23,760	261
Exchange adjustment	0	0	-31	-31	0
Transferred over the profit appropriation	0	12,579	-2,309	10,270	73
Equity at 31 December 2017	1,500	21,640	10,859	33,999	334

DKK'000	Parent Company			
	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2017	1,500	9,061	12,716	23,277
Transferred over the profit appropriation	0	9,689	-5,564	4,125
Equity at 31 December 2017	1,500	18,750	7,152	27,402

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

		Group	
DKK'000	Note	2017	2016
Profit before tax indcluding discontinued operations		13,429	9,840
Depreciation, amortisation and impairment losses		9,095	6,130
Financial income and expenses		720	426
Other adjustments of non cash operating items		-68	344
Cash flows from operations before changes in working capital		23,176	16,740
Changes in working capital	13	-194	457
Cash flows from ordinary activities		22,982	17,197
Interest income		850	601
Interest expense		-1,570	-1,027
Corporation tax paid		-1,621	189
Cash flows from operating activities		20,641	16,960
Acquisition of intangible assets		-12,579	-9,061
Acquisition of intangible assets through subsidiaries		0	-13,496
Acquisition of property, plant and equipment		-608	-892
Changes in deposit		-11	-5
Cash flows from investing activities		-13,198	-23,454
External financing:			
Changes of non-current debt		0	13,000
Changes in payables to group entities		-457	-2,294
Dividend paid		-5,035	-4,700
Cash flows from financing activities		-5,492	6,006
Cash flows for the year		1,951	-488
Cash and cash equivalents at the beginning of the year		7,398	7,886
Cash and cash equivalents at year end	14	9,349	7,398

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of API Maintenance Systems A/S for 2017 has been prepared in accordance with the provisions applying to reporting class C medium-sized under the Danish Financial Statements Act.

The Company has in 2017 chosen to change the presentation of the income statement from functional to be presented by nature. The changes were applied to give a more true and fair view of the Group's and the Parent Company's income statement.

The income statement for 2016 only partly includes Axxos AB as it was acquired by API in November 2016. The figures for 2017 and 2016 are therefore not comparable.

The comparative figures have been restated to reflect the changed accounting policies.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which evidence matters existing at the balance sheet date.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company API Maintenance Systems A/S and subsidiaries in which the Parent Company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates.

On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition. Entities disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Income statement

Revenue

Revenue from the sale of maintenance systems and consultancy services is recognised in the income statement when the sale is considered effected based on the following criteria:

— delivery has been made before year end

— a binding sales agreement has been made

— the sales prices have been determined; and payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in group entities and associates measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared to the extent that the dividends exceed accumulated earnings after the acquistion date. Dividends are recognised as a reduction of the cost of the equity investment.

Tax on profit for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax expense attributable to the profit for the year is recognised in the income statement, whereas the tax expense attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly-owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to entities in proportion to their taxable incomes.

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well as development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work, development costs are amortised on a straightline basis over the estimated useful lives. The amortisation period is usually 3 years.

Software

Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the estimated useful life. The amortisation period is 3 years.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is 20 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

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

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

Investments

Investments in subsidiaries and associates are measured at cost. Where the cost exceeds the net realisable value, the carrying amount is reduced to such lower value.

Other receivables and deposits are recognised at amortised cost.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made.

Prepayments and deferred income

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividend, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a writedown of development costs is subsequently reversed, the reserve will be re-established.

The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Corporation tax and deferred tax

Current tax payable and receivable is recognised on the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to items where the temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement and equity.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Current liabilities are measured at amortised cost, which usually corresponds to the nominal value of the liability.

Prepayments and deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Foreign currency translation

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

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

Upon recognition of foreign subsidiaries and associates, which are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates ruling at the balance sheet date are recognised directly in equity.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash flow statement

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

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are stated as the profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities, intangible assets, property, plant and equipment, and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's contributed capital and costs in this respect as well as raising of loans, installments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

		Group		Parent Company	
	DKK'000	2017	2016	2017	2016
2	**Staff costs**				
	Wages and salaries	32,830	25,636	12,088	9,961
	Pensions	2,644	2,443	1,358	1,212
	Other social security costs	6,494	4,008	202	181
		41,968	32,087	13,648	11,354
	Average number of full-time employees	120	74	19	17

Staff costs of the Group and the Parent Company include remuneration of the Parent Company's Executive Board of DKK 2,691 thousand (2016: DKK 2,351 thousand) and pensions of DKK 156 thousand (2016: DKK 149 thousand).

		Group		Parent Company	
	DKK'000	2017	2016	2017	2016
3	**Financial income**				
	Interest income from group entities	0	0	53	44
	Other financial income	40	3	0	0
	Exchange adjustments	810	598	692	598
		850	601	745	642
4	**Financial expenses**				
	Interest expense to group entities	0	46	37	74
	Other financial costs	566	66	546	65
	Exchange adjustments costs	1,004	915	968	752
		1,570	1,027	1,551	891
5	**Tax on profit for the year**				
	Current tax for the year	2,643	1,166	263	869
	Deferred tax for the year	443	770	903	770
		3,086	1,936	1,166	1,639

Consolidated financial statements and parent company financial statements 1 January – 31 December

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6 Proposed profit appropriation

DKK'000	2017	2016	2017	2016
Reserves in accordance with the Articles	12,579	9,061	9,689	9,061
Non-controlling interests' share of subsidiaries profit	73	62	0	0
Retained earnings	-2,309	-1,219	-5,564	-3,263
	10,343	7,904	4,125	5,798

7 Intangible assets

	Group				
DKK'000	Software	Goodwill	Completed development projects	Development projects in progress	Total
Cost at 1 January 2017	10,450	13,515	33,705	9,061	66,731
Additions	0	0	0	12,579	12,579
Cost at 31 December 2017	10,450	13,515	33,705	21,640	79,310
Amortisation and impairment losses at 1 January 2017	0	0	-22,245	0	-22,245
Amortisation	-2,090	-676	-5,730	0	-8,496
Amortisation and impairment losses at 31 December 2017	-2,090	-676	-27,975	0	-30,741
Carrying amount at 31 December 2017	8,360	12,839	5,730	21,640	48,569

	Parent Company		
DKK'000	Completed development projects	Development projects in progress	Total
Cost at 1 January 2017	33,705	9,061	42,766
Additions	0	9,689	9,689
Cost at 31 December 2017	33,705	18,750	52,455
Amortisation and impairment losses at 1 January 2017	-22,245	0	-22,245
Amortisation	-5,730	0	-5,730
Amortisation and impairment losses at 31 December 2017	-27,975	0	-27,975
Carrying amount at 31 December 2017	5,730	18,750	24,480

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

8 Property, plant and equipment

	Group		
DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2017	4,338	287	4,625
Exchange rate adjustment	38	0	38
Additions for the year	576	32	608
Cost at 31 December 2017	4,952	319	5,271
Depreciation and impairment losses at 1 January 2017	-3,257	-217	-3,474
Depreciation for the year	-572	-28	-600
Depreciation and impairment losses at 31 December 2017	-3,829	-245	-4,074
Carrying amount at 31 December 2017	1,123	74	1,197

	Parent Company		
DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2017	2,713	287	3,000
Additions for the year	303	32	335
Cost at 31 December 2017	3,016	319	3,335
Depreciation and impairment losses at 1 January 2017	-2,379	-217	-2,596
Depreciation for the year	-183	-28	-211
Depreciation and impairment losses at 31 December 2017	-2,562	-245	-2,807
Carrying amount at 31 December 2017	454	74	528

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

9 Investments

DKK'000	2017	2016
Cost at 1 January 2017	29,958	5,199
Additions for the year	764	24,759
Cost at 31 December 2017	30,722	29,958
Carrying amount at 31 December 2017	30,722	29,958

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Subsidiaries:			DKK'000	DKK'000
API PRO Maintenance Sverige AB	Sweden	100%	3,108	288
API Deutschland GmbH	Germany	100%	-1,027	400
APIPro Maintenance Systems N.V.	Belgium	100%	2,854	379
APIPRO India Pvt Ltd	India	100%	38	22
API Maintenance Systems US, INC	Georgia, US	100%	230	41
Axxos AB	Sweden	100%	11,020	7,320
Shanghai API Software co.Ltd.	China	85%	1,792	-490
			18,015	7,960

10 Deferred tax

Deferred tax at 1 January 2017	6,676	3,607	4,377	3,607
Deferred tax adjustment for the year in the income statement	443	770	903	770
Acquisition of subsidiary	0	2,299	0	0
	7,119	6,676	5,280	4,377

Provision for deferred tax relates to software, development projects and receivables.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

11 Non-current liabilities other than provisions

DKK'000	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Loans				
0-1 years	7,500	0	7,500	0
1-5 years	5,500	13,000	5,500	13,000
	13,000	13,000	13,000	13,000

Collateral is disclosed in the note concerning Contractual obligations, contingencies, etc.

12 Deferred income

Deferred income, DKK 18,879 thousand (2016: DKK 18,869 thousand), comprises payments received from customers which cannot be recognised until the subsequent financial year.

13 Changes in working capital

DKK'000	Group 2017	Group 2016
Change in inventories and work in progress	953	-1,926
Change in receivables	-182	-15,204
Change in trade and other payables	-965	17,587
	-194	457

14 Cash and cash equivalents

DKK'000	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Cash and cash equivalents are specified as follows:				
Cash at bank and in hand	11,433	8,610	3,046	906
Bank debt	-2,084	-1,212	-2,084	-1,212
	9,349	7,398	962	-306

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

15 Fees to auditor appointed at the general meeting

Pursuant to section 96(3) of the Danish Financial Statements Act, fees paid to the Company's auditor appointed at the general meeting have not been disclosed.

16 Contractual obligations, contingencies, etc.

The Company is jointly taxed with the other Danish companies in the Group, and as from the financial year 2013, the Company is liable for tax claims on a pro rata basis. The maximum liability totals an amount corresponding to the share of the capital in the Company which is owned directly or indirectly by the ultimate parent.

Securities
As collateral for the Parent Company's (API Maintenance Holding ApS) debt to credit institutions, the Company has issued a floating charge of DKK 8,000 thousand.

Operating leases
Group/parent
Lease obligations (operating leases) falling due within four years amount to DKK 941 thousand (2016: DKK 1,227 thousand).

17 Related party disclosures

API Maintenance Systems A/S' related parties comprise the following:

Control

API Maintenance Holding ApS, Sydvestvej 21,2, 2600 Glostrup.

API Maintenance Holding ApS holds the majority of the share capital in the Company.

API Maintenance Systems A/S is part of the consolidated financial statements of API Maintenance Holding ApS, Glostrup, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of API Maintenance Holding ApS can be obtained by contacting the Company or at the following website: http://www.apipro.com.

API Maintenance Systems A/S A/S is part of the consolidated financial statements of TOPCAP API ApS, Glostrup, which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of TOPCAP API ApS can be obtained by contacting the Company or at the following website: http://www.apipro.com.

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, related party transactions have not been disclosed in the consolidated financial statements and parent company financial statements, as they were conducted on an arm's length basis.

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"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Michael Ries
Adm. direktør
På vegne af: API Maintance Systems/API Maintenance Holding
Serienummer: PID:9208-2002-2-558091701639
IP: 80.63.84.130
2018-05-29 12:13:43Z
NEM ID

Petra Margareta Ellegaard Helfferich
Bestyrelsesmedlem
På vegne af: API Maintenance Systems og API Maintenance Holding
Serienummer: PID:9208-2002-2-182266007446
IP: 149.6.136.38
2018-05-29 12:15:35Z
NEM ID

Navnet er skjult (CPR valideret)
Bestyrelsesmedlem
På vegne af: API Maintenance Systems og API Maintenance Holding
Serienummer: PID:9208-2002-2-416684239779
IP: 81.141.101.25
2018-05-29 19:24:03Z
NEM ID

Johan Åke Andersson
Bestyrelsesmedlem
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Serienummer: 19740529xxxx
IP: 146.66.237.181
2018-05-30 07:01:55Z
BankID

Erik Balleby Jensen
Bestyrelsesformand
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Serienummer: PID:9208-2002-2-356278911966
IP: 178.209.171.123
2018-06-01 06:42:28Z
NEM ID

Jette Kjær Bach
Statsautoriseret revisor
På vegne af: KPMG
Serienummer: PID:9208-2002-2-610891503296
IP: 83.151.132.3
2018-06-01 06:48:38Z
NEM ID

Michael Ries
Dirigent
På vegne af: API Maintance Systems/API Maintenance Holding
Serienummer: PID:9208-2002-2-558091701639
IP: 80.63.84.130
2018-06-01 06:57:53Z
NEM ID

Penneo dokumentnøgle: 86AGT-CGHTA-OFFUW-GV0OT-QH83J-52SQF