

Annual Report for 2017

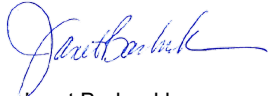
Dantec Dynamics A/S

Tonsbakken 16-18
2740 Skovlunde

CVR-nr. 15 10 75 88

Approved by the General Meeting

May 24th 2018



Janet Barbookles

Chairman of the Meeting

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Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Dantec Dynamics A/S for the financial year 1 January to 31 December 2017.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2017 and of its financial performance and cash flow for the financial year 1 January to 31 December 2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Skovlunde, May 24th 2018

Executive Board

Anders Faurholt

Supervisory Board

Janet Barbookles
Chairman

Michael Larkin

Jesper Dela

Jørgen Frandsen

Jean-Marc Muller

Independent auditor's report

To the Shareholder of Dantec Dynamics A/S

Opinion

We have audited the consolidated annual accounts and the annual accounts of Dantec Dynamics A/S for the financial year 1 January - 31 December 2017, which comprise profit and loss account, balance sheet, statement of changes in equity, cash flow statement, and notes, including a summary of accounting policies used, for both the group and the company. The annual accounts have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, the liabilities, and the financial position of the group and the company respectively as of 31 December 2017, and of the results of operations and cash flows of the group and the company respectively for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the group in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of these consolidated annual accounts and annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

Independent auditor's report (continued)

- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 consolidated annual accounts and the annual accounts 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 annual accounts and the annual accounts, including the disclosures in the notes, and furthermore, whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts.

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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts and the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the consolidated annual accounts and the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, May 24th 2018

Grant Thornton

Statsautoriseret Revisionspartnerselskab

Company reg. No. 34 20 99 36



Michael Beuchert
State Authorised Public Accountant
MNE-nr. 32794

Company details

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Supervisory Board

Janet Barbookles, chairman
Jean-Marc Muller
Jesper Dela
Michael Larkin
Jørgen Frandsen

Executive Board

Anders Faurholt

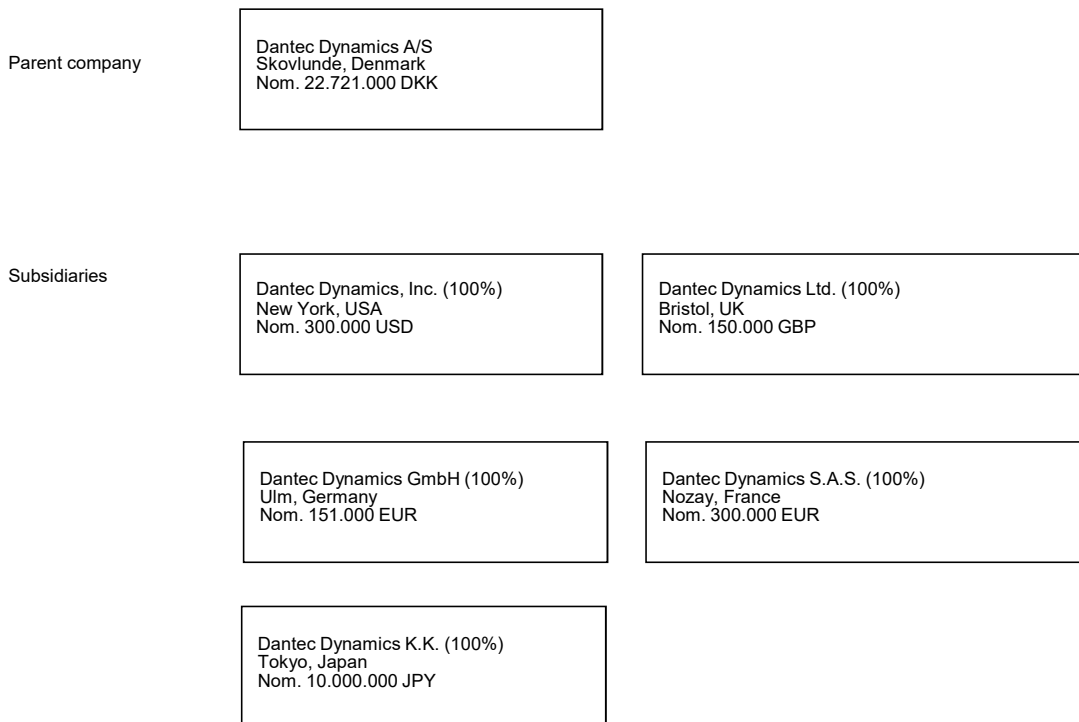
Auditors

Grant Thornton Statsautoriseret Revisionspartnerselskab

Bank

Nordea - Hovedvejen 112, 2600 Glostrup

Group chart



Financial highlights

5-year summary:

	2017	2016	2015	2014	2013
Key figures (in DKK million)					
Result					
Revenue	155,0	180,9	207,8	190,8	176,1
Operating profit or loss	-3,2	11,5	12,1	11,4	11,9
Result of net financials	-2,4	-2,7	0,2	-3,4	-4,4
Pre-tax profit or loss	-5,5	8,8	12,3	8,0	7,5
Net profit/loss for the year	-6,2	6,3	8,5	7,0	5,7
Balance sheet					
Shareholders' equity	42,2	49,6	49,0	39,8	35,0
Balance sheet total	108,1	127,3	128,9	125,7	114,5
Investments in property, plant and equipment	3,3	3,2	2,8	7,6	4,4
Number of employees	111	111	114	109	107
Ratios					
EBIT	-2%	6%	6%	6%	7%
EBITDA	4%	12%	10%	10%	10%
EBIT, adjusted	7%	16%	14%	14%	16%
EBITDA, adjusted	13%	21%	18%	18%	19%
Return on equity	-13%	13%	19%	19%	17%
Equity ratio	39%	39%	38%	32%	31%

Definition of financial ratios:

EBIT margin:

$$\frac{\text{Operating profit or loss} \times 100}{\text{Revenue}}$$

EBITDA margin:

$$\frac{(\text{Operating profit or loss} + \text{depreciations} + \text{amortisations}) \times 100}{\text{Revenue}}$$

EBIT adjusted:

$$\frac{\text{Operating profit or loss adjusted for management fee} \times 100}{\text{Revenue}}$$

EBITDA adjusted:

$$\frac{(\text{Operating profit or loss adjusted for management fee} + \text{depreciations} + \text{amortisations}) \times 100}{\text{Revenue}}$$

Return on equity:

$$\frac{\text{Income or loss from ordinary activities after tax} \times 100}{\text{Average equity attributable to equity holders of the parent}}$$

Equity ratio:

$$\frac{\text{Total equity attributable to equity holders of the parent, at year-end} \times 100}{\text{Equity and liabilities at year-end}}$$

Management's Review

Business activities and mission

Dantec Dynamics develops, manufactures and markets measurement equipment and software for measurements and simulation of flows, speed and particle size in liquids and gasses, as well as equipment and software for analyzing strain/stress/vibration and defects in solid materials.

Dantec Dynamics' customers primarily use the products for optimising energy consumption but they can also be used to improve the performance, efficiency and safety in such markets such as aviation, automotive and wind farms. In addition, the products are used to analyse thermal and chemical processes.

Customers include researchers within leading universities and institutes around the world as well as research and development departments in prominent international and domestic industrial companies.

The Group includes a business segment in the UK, which distributes medical measurement equipment and consumables.

In addition to its own sales and service offices in Europe, North America and Japan, Dantec Dynamics has a global network of independent distributors.

Business review

Results of operations

The demand for the Group's products in 2017 decreased by 25,906 kDKK from 2016 due to reduced public funding in most major markets. The Group had an operating result of 10,968 kDKK, exclusive of Related Third Party Management Services and Restructuring Expenses. The Group generated a net loss before tax of 6,161 kDKK in 2017 as compared to a profit of 6,260 kDKK in 2016.

Group structure

The group structure remained unchanged in 2017.

Development activities

The Group holds dominant global positions within its core activities. With a view to maintaining and strengthening this position, the Group regularly invests in the development of new products. In 2017, the Group capitalized research and development projects amounting to 2,8 mDKK.

Financial risks

Due to its international structure and presence, the group's results are affected by exchange rate movements in a number of currencies, primarily EUR, USD, GBP and JPY.

At the end of the financial year, the Group had no open forward exchange contracts.

The group does not engage in speculative foreign exchange positions.

External environment

Dantec Dynamics effect on the external environment is quite limited, as production is not energy intensive, and hazardous chemicals are not used in production. Still the group continuously works to reduce its effects on the external environment.

Knowledge resources

Dantec Dynamics generates the greater part of its earnings from high-tech niche products involving a high degree of self-development and application knowledge. The Group continues to offer competitive measurement systems that address its customers needs. A strength of the Group is its ability to maintain, and if necessary, recruit employees with strong skills in development, production, selling and industry applications. In addition, the Group maintains and promotes collaboration with well-respected strategic research partners to expand its ability to develop and deliver products to meet the needs of its customers.

The Group allocates time and resources for the maintenance and improvement of employee skills and frequently monitors to ensure that the allocated resources are applied as intended.

Post balance sheet events

No events have occurred after the financial year-end which could significantly affect the Group's financial position.

Outlook for 2018

The demand for Dantec Dynamics' scientific measurement systems is expected to increase as such systems are a key component in research projects yielding environmentally friendly energy generation and reduction of energy consumption. Based on market trends, the Group expects to continue to invest in the development of new products and applications, grow revenue and achieve positive operating results in 2018.

Accounting policies

The Annual Report of Dantec Dynamics A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act as regards medium-sized reporting class C enterprises.

Consolidation

The consolidated financial statements comprise the parent, Dantec Dynamics A/S, and enterprises in which the parent - directly or indirectly - holds more than 50% of the voting rights or otherwise has a controlling interest.

The financial statements of the subsidiaries are prepared in accordance with the accounting policies applied by the parent. The consolidated financial statements are prepared on the basis of the financial statements of the parent and the subsidiaries by aggregating items of a similar nature and by subsequently eliminating intra-group revenue, interest, dividends, shareholdings and balances and by reversing unrealised consolidated gross margin.

In connection with the acquisition of subsidiaries, the difference between the cost and the net book value of the acquired enterprise is calculated at the time of acquisition. The net asset value implies a fair value adjustment of the acquired assets and liabilities at the time of acquisition and that a provision for expenses related to adopted and published restructurings in the acquired enterprise is in connection with the acquisition.

When subsidiaries are sold, gains or losses are made up as the difference between the market value and the divested company's net asset value using the Group's accounting policies. Provisions for sales expenses are deducted from the market value.

Divested enterprises are included in the income statement in the consolidated financial statements until the time of sale. Comparative figures are not restated for divested enterprises.

The results of subsidiaries after tax are recognised in the income statement of the parent after eliminating unrealised intercompany gains and losses.

Foreign subsidiaries

As for foreign subsidiaries, items in the income statement are translated into Danish kroner at average exchange rates that do not deviate significantly from the rate at the date of the transaction.

Balance sheet items are translated at closing rates. Any significant exchange differences resulting from the translation of the opening equity and the exchange adjustments resulting from translation of items in the income statement at closing rates are taken directly to equity.

Items in the income statement of foreign related entities are also translated into Danish kroner at average exchange rates that do not deviate significantly from the rate at the date of the transaction. Current assets and short-term liabilities in foreign currency are translated at closing rates, while fixed assets and long-term liabilities are recognised at historic rates. All exchange adjustments are recognised in the income statement.

Currency translation

Transactions denominated in foreign currencies are translated into monthly standard rates that do not deviate significantly from the exchange rate at the date of the transaction. Exchange differences between the monthly standard rates and the exchange rate at the date of payment are recognised in the income statement.

Receivables, payables and other monetary items denominated in foreign currency are translated into Danish kroner at closing rates. All exchange adjustments are recognised in the income statement as financial income/expenses.

Accounting policies (continued)

Income statement

Revenue

Income is recognised in revenue at the time of delivery of goods and services. VAT, indirect taxes and discounts are excluded from revenue.

Other operating income

Other operating income comprises income that does not relate to the main course of business, e.g. fee from subsidiaries for management services and gains on sale of fixed assets.

Raw materials and consumables

Expenses relating to raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include expenses related to premises, sale, distribution and administration. Furthermore, research and development costs that do not meet the criteria for capitalisation are expensed.

Tax for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments, with exception of tax which concerns changes in equity that are taken directly to equity.

Current tax includes the estimated tax charge for the year, measured by reference to the year's expected taxable income and prior-year adjustments.

Balance sheet

Intangible assets

Development projects, patents and licenses are measured at the lower of cost less accumulated amortisation and the recoverable amount. Development costs include expenses, wages and salaries and amortisation directly and indirectly relating to the Company's development activities. No scrap values are used.

Development projects which are clearly defined and identifiable, which have a potential future market value, and where the intention is to produce and market the products, are recognised as intangible assets.

Any development project subsidies are set off as hours are spent and expenses are incurred on the projects.

Amortisation is provided using the straight-line method over the expected economic life, which is usually five years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment charges. No scrap values are used.

Property, plant and equipment are depreciated on a straight-line basis over the expected economic life of the individual assets. The following depreciation periods are used:

Plant 5 years
Furniture and cars, etc. 3-5 years
IT equipment 3-5 years

Leasehold improvements are depreciated over the expected remaining lease period, however maximum 10 years.

Gains and losses on the sale of property, plant and equipment are recognised in the income statement under Other operating income/other operating expenses.

Investments

In the parent financial statements, investments in subsidiaries are recognised according to the equity method, i.e. at the such enterprises' net asset value less minority interests.

Subsidiaries whose net asset value is negative are recognised at DKK 0, and any receivables are written down by the parent's share of the negative equity value to the extent that it is considered irrecoverable. Provided that the net asset value exceeds the receivable, the excess is stated under 'Provisions'.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, or net realisable value.

Raw materials and consumables are measured at cost, which includes the cost of acquisition plus costs of delivery. Contract work in progress and finished goods include cost for raw materials, consumables, direct labour costs and production overheads. Production overheads include indirect material and labour costs as well as maintenance of and depreciations on machinery, properties and equipment used in the production process as well as administrative expenses and management fees.

Accounting policies (continued)

Receivables

Trade receivables are measured at amortised cost less write-downs for bad debts. Write-downs for bad debts are calculated on the basis of an individual assessment of each individual receivable.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent reporting years.

Prepayments recognised as a liability comprises payments received concerning income in subsequent reporting years.

Treasury shares

Cost and considerations as well as dividend for treasury shares are recognised directly in retained earnings under equity. Consequently, gains and losses on sales are not recognised in the income statement.

Capital reduction by way of a cancellation of treasury shares reduces the share capital by an amount corresponding to the nominal value of the shares.

Income taxes and deferred tax

Current tax payable is recognised under 'Short-term liabilities' and deferred tax is recognised under 'Provisions'. Tax receivable and deferred tax assets are recognised under 'Current assets'.

Deferred tax is provided using the balance sheet liability methods of all temporary differences between carrying amounts and tax values, with the exception of temporary differences concerning investments in subsidiaries provided that the assets are not expected to be disposed of within a short period of time.

Deferred tax assets, including the tax base of losses, are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against deferred tax liabilities within the same legal entity.

Deferred tax is recognised using the tax rates and tax rules applicable in the countries concerned.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Provisions

Provisions are recognised when, at the balance sheet date, the Group has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions expected to be settled after more than one year after the balance sheet date are made up at the net present value of the expected payments. The provisions are made up in all material respects using actuarial calculation methods.

Warranty commitments include expenses for remedial action within a warranty period of one year. Provisions are measured and recognised using experience from guarantee work.

Financial liabilities

Long-term financial liabilities are measured at amortised cost, which essentially corresponds to the nominal value.

Cash flow statement

The cash flow statement for the Group is presented using the indirect method and shows the Group's net cash flows, broken down by operating, investing and financing activities, respectively, and the year's changes in cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are made up as the Group's profit or loss before net financials, adjusted for non-cash operating items, changes in working capital, paid financial and extraordinary expenses and paid income taxes.

Cash flows from investing activities comprise payments related to additions and disposals of fixed assets, enterprises and activities.

Cash flows from financing activities comprise borrowings and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash and short-term securities in respect of which the risk of changes in value is insignificant, as well as short-term operating credits with credit institutions.

Income statement for the year ended 31 December

kDKK

Parent Company			Group	
2017	2016	Notes	2017	2016
90.986	106.513		154.965	180.870
		Revenue		
(2.223)	1.062		(2.568)	(226)
		Change in stock of finished goods and work in progress		
10.924	12.202		-	-
		Other operating income		
99.686	119.778	Total income	152.397	180.644
41.776	50.429		57.195	67.674
		Raw materials and consumables		
17.971	20.124		28.566	31.230
		Other external expenses		
39.939	49.226	Gross margin	66.636	81.740
29.950	29.763	1	60.911	60.495
		Staff costs		
6.827	7.226	2	8.882	9.763
		Amortisation/depreciation and write-downs of intangible assets and property, plant and equipment		
3.162	12.236	Operating profit/loss	(3.157)	11.482
(7.899)	(2.262)	3	-	-
		Income/(loss) from investments in group enterprises,		
881	913	4	973	1.370
		Financial income		
1.718	2.096	5	3.352	4.050
		Financial expenses		
(5.574)	8.791	Profit/loss from ordinary activities before tax	(5.536)	8.802
509	2.429	6	547	2.439
		Tax on ordinary result current year		
77	103	6	77	103
		Adjustment tax, regarding last year		
(6.161)	6.260	7	(6.161)	6.260
		Net profit/loss for the year		

Balance sheet at 31 December

kDKK

Parent Company		Assets		Group	
2017	2016	Notes		2017	2016
15.100	17.818		Completed development projects	15.286	18.303
1.077	942		Development projects in progress	1.077	942
425	480		Acquired rights	441	522
16.601	19.240	8	Intangible assets	16.804	19.767
1.429	1.221		Plant and machinery	1.316	1.221
1.343	1.196		Other fixtures and fittings, tools and equipment	4.146	4.545
39	78		Leasehold improvements	39	78
2.811	2.495	9	Property, plant and equipment	5.502	5.844
15.386	16.592	10	Investments in group enterprises	-	-
537	535	11	Other receivables	1.022	911
15.923	17.127		Investments	1.022	911
35.336	38.862		Total fixed assets	23.327	26.522
9.908	10.858		Raw material and consumables	11.143	11.764
825	1.705		Production in progress	994	2.029
7.296	8.640		Manufactured goods and goods for resale	9.580	11.113
18.030	21.203		Inventories	21.718	24.907
8.415	12.854		Trade receivables	47.466	52.999
29.187	34.713		Receivables from group enterprises	-	-
-	-		Prepaid company tax	-	-
298	168	12	Other receivables	893	708
574	466	13	Prepayments	864	830
38.475	48.200		Receivables	49.223	54.536
4	5		Cash	13.859	21.345
56.509	69.409		Total current assets	84.800	100.788
91.845	108.271		Total assets	108.127	127.310

Balance sheet at 31 December

kDKK

Parent Company		Equity and liabilities		Group	
2017	2016	Notes		2017	2016
22.721	22.721		Share capital	22.721	22.721
14.948	23.955		Retained earnings	14.948	23.955
4.549	2.917		Reserve for development projects	4.549	2.917
42.218	49.593	14	Total shareholders' equity	42.218	49.593
-	-		Provisions for pensions and similar liabilities	14.206	13.809
10.077	9.446		Negative equity group enterprises	-	-
3.666	3.790		Deferred tax liability	3.666	3.790
220	238		Warranty provisions	369	535
13.963	13.474	15	Provisions	18.241	18.134
10.335	14.771		Long term loan from group enterprises	10.335	14.771
-	-		Other long term liabilities	93	38
10.335	14.771	16	Long-term liabilities	10.428	14.809
5.889	3.410		Debt to Credit Institutions	5.889	3.410
3	108		Prepayments received from customers	607	1.321
9.486	11.436		Trade payables	11.257	14.891
225	3.019		Payables to group enterprises	225	3.019
354	2.305	17	Income tax	357	2.309
6.955	7.464	18	Other payables	15.438	16.059
2.416	2.691	19	Deferred income	3.464	3.763
25.328	30.433		Short-term liabilities	37.239	44.773
35.663	45.204		Total liabilities other than provisions	47.667	59.582
91.845	108.271		Total equity and liabilities	108.127	127.310

- 20 Security for loans and contingent liabilities
- 23 Ownership structure and transactions with related parties
- 24 Events occurring after the end of the financial year 2017

Cash flow statement

kDKK

		Group	
Notes		2017	2016
	Operating income of ordinary activities	(3.157)	11.482
21	Adjustments	7.331	6.509
22	Changes in working capital	3.235	(3.072)
	Net interest and similar payments received and made	(2.380)	(2.680)
	Income tax paid	(2.666)	(3.270)
Cash flows from operating activities before net financials		2.364	8.969
	Additions of intangible assets	(3.687)	(3.883)
	Additions of property, plant and equipment	(3.307)	(3.300)
	Additions of investments	(111)	(10)
	Disposals of property, plant and equipment	1.950	1.648
Cash flows from investing activities		(5.155)	(5.545)
	Borrowings of long term debt	55	(23)
	Borrowings from group enterprises	(7.230)	(1.624)
Cash flows from financing activities		(7.175)	(1.647)
Changes in cash and cash equivalents:		(9.966)	1.777
	Cash and cash equivalents at 1/1	17.935	16.158
Cash and cash equivalents at 31/12		7.969	17.935
Cash and cash equivalents at 31/12 include			
	Cash	13.859	21.345
	Credit institutions, operating cash flow	(5.889)	(3.410)
		7.969	17.935

Statement of changes in equity

kDKK

Group	Share capital	Reserve for capitalized development projects	Retained earnings/ Accumulated loss	Proposed dividend for the year	Total
Shareholders' equity at 1/1 2016	22.721	-	26.271	-	48.992
Adjustments of pension liabilities			(8.044)		(8.044)
Exchange valuation of opening balance sheet and other adjustments in subsidiaries			2.385		2.385
Reserve for capitalized development projects		2.917	(2.917)		-
Net profit/loss for the year	-		6.260		6.260
Shareholders' equity at 31/12 2016	22.721	2.917	23.955	-	49.593
Shareholders' equity at 1/1 2017	22.721	2.917	23.955	-	49.593
Adjustments of pension liabilities			(1.511)		(1.511)
Exchange valuation of opening balance sheet and other adjustments in subsidiaries			297		297
Reserve for capitalized development projects		1.632	(1.632)		-
Net profit/loss for the year			(6.161)		(6.161)
Shareholders' equity at 31/12 2017	22.721	4.549	14.948	-	42.218

Parent	Share capital	Reserve for capitalized development projects	Retained earnings/ Accumulated loss	Proposed dividend for the year	Total
Shareholders' equity at 1/1 2016	22.721	-	26.271	-	48.992
Adjustments of pension liabilities in subsidiaries			(8.044)		(8.044)
Exchange valuation of opening balance sheet and other adjustments in subsidiaries			2.385		2.385
Reserve for capitalized development projects		2.917	(2.917)		-
Net profit/loss for the year	-		6.260		6.260
Shareholders' equity at 31/12 2016	22.721	2.917	23.955	-	49.593
Shareholders' equity at 1/1 2017	22.721	2.917	23.955	-	49.593
Adjustments of pension liabilities in subsidiaries			(1.511)		(1.511)
Exchange valuation of opening balance sheet and other adjustments in subsidiaries			297		297
Reserve for capitalized development projects		1.632	(1.632)		-
Net profit/loss for the year			(6.161)		(6.161)
Shareholders' equity at 31/12 2017	22.721	4.549	14.948	-	42.218

Parent Company			Group	
2017	2016	Notes	2017	2016
		1 Staff costs		
28.149	28.013	Wages and salaries	53.765	53.568
1.295	1.271	Pension contribution	2.398	2.442
507	479	Other social security costs etc.	4.748	4.485
29.950	29.763	Total staff costs	60.911	60.495
1.289	1.247	Total salaries and fees paid to members of the Executive and Supervisory Boards	1.289	1.247
56	55	Average number of employees	111	111
		2 Amortisation/depreciation and write-downs of intangible assets and property, plant and equipment		
5.342	5.172	Completed development projects	5.642	5.625
84	79	Acquired rights	109	142
185	363	Plant and machinery	521	363
1.177	1.572	Other fixtures and fittings, tools and equipment	2.571	3.593
39	41	Leasehold improvements	39	41
-	-	Profit/(loss) on disposal of intangible assets	-	-
6.827	7.226	Total amortisations/depreciations	8.882	9.763

Parent Company			Group	
2017	2016	Notes	2017	2016
		3	Income from investments in group enterprises	
-	-	Share of profit in subsidiaries		
(8.704)	(2.801)	Share of loss in subsidiaries		
804	539	Changes in internal profit on inventories bought within the group		
(7.899)	(2.262)	Total income from investments in group enterprises before tax		
		4	Financial income	
881	913	Interest receivable from group enterprises	-	-
-	-	Exchange gains	-	-
-	-	Other financial income	973	1.370
881	913	Total financial income	973	1.370
		5	Financial expenses	
297	340	Interest payable, group enterprises	297	340
937	1.153	Exchange losses	1.167	1.304
484	603	Other financial expenses	1.888	2.406
1.718	2.096	Total financial expenses	3.352	4.050
		6	Tax on profit/loss from ordinary activities	
633	2.611	Current tax	671	2.622
77	103	Adjustment tax, regarding last year	77	103
(123)	(183)	Deferred tax adjustments	(123)	(183)
587	2.531	Total tax on profit/loss from ordinary activities	625	2.542
		7	Proposed appropriation of profit/loss	
-	-	Proposed dividend		
-	-	Equity method transfer to net revaluation reserve		
(6.161)	6.260	Retained earnings		

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Notes

8 Intangible assets

Group

	Completed develop-ment projects	Development projects in progress	Acquired rights	Total
Cost at 1/1 2017	43.934	942	2.110	46.987
Exchange adjustments 1/1 and other adjustments				-
Additions in the year	2.624	135	28	2.787
Disposals in the year	-	-		-
Cost at 31/12 2017	46.558	1.077	2.138	49.773
Amortisation and write-downs at 1/1 2017	25.631	-	1.588	27.219
Exchange adjustments 1/1 and other adjustments				-
Amortisation in the year	5.642	-	109	5.751
Reversed amortisations, disposals				-
Amortisation and write-downs at 31/12 2017	31.273	-	1.697	32.970
Carrying amount at 31/12 2017	15.286	1.077	441	16.804

Completed development projects consist of software projects, which is the core value-adding component in Dantec products.

Development projects in progress consist of base software update projects. Technological and market feasibility has been established, and all resources necessary to complete the projects are available.

Parent

	Completed develop-ment projects	Development projects in progress	Acquired rights	Total
Cost at 1/1 2017	41.645	942	1.933	44.520
Additions in the year	2.624	135	28	2.787
Disposals in the year		-		-
Cost at 31/12 2017	44.269	1.077	1.961	47.307
Amortisation and write-downs at 1/1 2017	23.827	-	1.452	25.280
Amortisation and write-downs in the year	5.342	-	84	5.426
Reversed amortisations, disposals		-	-	-
Amortisation and write-downs at 31/12 2017	29.169	-	1.536	30.705
Carrying amount at 31/12 2017	15.100	1.077	425	16.601

Completed development projects consist of software projects, which is the core value-adding component in Dantec products.

Development projects in progress consist of base software update projects. Technological and market feasibility has been established, and all resources necessary to complete the projects are available.

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Notes

9 Property, plant and equipment

Group

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Total
Cost at 1/1 2017	5.868	28.911	3.179	37.958
Exchange adjustments at 1/1 and other adjustments		(317)		(317)
Additions in the year	618	2.689	-	3.307
Disposals in the year	18	3.021	-	3.039
Cost at 31/12 2017	6.468	28.262	3.179	37.910
Amortisation and write-downs at 1/1 2017	4.647	24.366	3.101	32.114
Exchange adjustments 1/1 and other adjustments	-	(275)		(275)
Amortisation in the year	521	2.571	39	3.131
Reversed amortisations, disposals	16	2.546	-	2.562
Amortisation and write-downs at 31/12 2017	5.152	24.116	3.140	32.408
Carrying amount at 31/12 2017	1.316	4.146	39	5.502

Parent

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Total
Cost at 1/1 2017	5.868	14.119	2.692	22.679
Additions in the year	393	1.789	-	2.182
Disposals in the year	-	2.968	-	2.968
Cost at 31/12 2017	6.261	12.940	2.692	21.893
Amortisation and write-downs at 1/1 2017	4.647	12.924	2.614	20.185
Amortisation in the year	185	1.177	39	1.401
Reversed amortisations, disposals		2.504	-	2.504
Amortisation and write-downs at 31/12 2017	4.832	11.597	2.653	19.082
Carrying amount at 31/12 2017	1.429	1.343	39	2.811

		Parent Company	
Notes		2017	2016
10	Investments in group enterprises		
	Cost at 1/1	47.604	47.604
	Additions in the year	-	-
	Cost at 31/12	47.604	47.604
	Value adjustments at 1/1	(55.544)	(47.624)
	Exchange valuation of opening balance sheet and other adjustments in subsidiaries	297	2.385
	Profit shares of the year	(10.215)	(10.845)
	Changes in internal profit	804	539
	Value adjustments at 31/12	(64.657)	(55.544)
	Investments with negative net asset value written down on receivables	32.440	24.532
	Investments with negative value	32.440	24.532
	Total investments in group enterprises	15.386	16.592

The Company's shares in group enterprises are:
Profit/loss & Equity stated in kDKK, Share capital stated in local currency.

Name	Country	City	Profit/loss 2017	Equity	Proportion held	Share capital	
Dantec Dynamics, Inc.	USA	Holtsville, NY	1.147	6.322	100,00%	300.000	USD
Dantec Dynamics Ltd.	England	Bristol	(2.622)	(24.761)	100,00%	150.000	GBP
Dantec Dynamics GmbH	Germany	Ulm	(2.394)	9.508	100,00%	151.000	EUR
Dantec Dynamics S.A.S.	France	Nozay	(4.141)	(4.557)	100,00%	300.000	EUR
Dantec Dynamics K.K.	Japan	Tokyo	(694)	(3.121)	100,00%	10.000.000	JPY

Parent Company			Group	
2017	2016	Notes	2017	2016
		11		
		Other Receivables		
		Deposits:		
535	533	Cost at 1/1	911	901
2	2	Additions in the year	111	10
		Disposals in the year	-	-
537	535	Carrying amount at 31/12	1.022	911

Parent Company			Group	
2017	2016	Notes	2017	2016
		12 Other receivables		
245	41	VAT and other duties	533	75
53	127	Other receivables	361	633
298	168	Total other receivables	893	708

13 Prepayments

Prepayments represent prepaid expenses on subscriptions and housing costs.

Parent Company			Group	
2017	2016	Notes	2017	2016
		14		
		Equity		
		Equity		
		The share capital consists of 227,210 shares of DKK 100 nominal value or multiple hereof. The Company's shares are not divided into different classes. The share capital was increased in 2010 with 77,210 shares of DKK 100 paid in cash at face value.		
		Treasury shares:		
9.362	9.362	Number of shares at 1/1	9.362	9.362
-	-	Additions in the year	-	-
9.362	9.362	Number of shares at 31/12	9.362	9.362
936	936	Nominal value at 1/1	936	936
-	-	Additions in the year	-	-
936	936	Nominal value at 31/12	936	936
4,12%	4,12%	Percentage of share capital at 1/1	4,12%	4,12%
-	-	Dilution due to capital increase	-	-
4,12%	4,12%	Percentage of share capital at 31/12	4,12%	4,12%
		15		
		Provisions		
220	238	Warranty provisions	369	535
-	-	Provisions for pensions and similar liabilities	14.206	13.809
10.077	9.446	Negative equity group enterprises	-	-
		Deferred tax liability		
3.790	3.971	Deferred tax at 1/1	3.790	3.971
(123)	(181)	Change of deferred tax	(123)	(181)
		Change of deferred tax liability includes:		
(459)	(211)	Intangible assets	(459)	(211)
383	(15)	Property, plant and equipment	383	(15)
(47)	44	Current assets	(47)	44
3.666	3.790	Deferred tax liability 31/12	3.666	3.790
		Deferred tax liability includes:		
3.873	4.332	Intangible assets	3.873	4.332
(260)	(643)	Property, plant and equipment	(260)	(643)
54	101	Current assets	54	101
3.666	3.790	Deferred tax liability 31/12	3.666	3.790
		Hereof allocated on companies:		
3.666	3.790	Dantec Dynamics A/S, Danmark	3.666	3.790
3.666	3.790	Deferred tax liability 31/12	3.666	3.790
13.963	13.474	Total provisions	18.241	18.134

Parent Company			Group	
2017	2016	Notes	2017	2016
		16 Long term debt		
10.335	14.771	Long term loan from group enterprises	10.335	14.771
-	-	Other long term liabilities falls due within 1 to 5 years	93	38
10.335	14.771	Total long term debt	10.428	14.809
		17 Income tax		
2.305	2.858	Income tax at 1/1	2.309	2.862
633	2.611	Current tax in the year	637	2.615
(2.584)	(3.163)	Settled tax	(2.584)	(3.163)
-	-	Settled by group enterprises	(4)	(4)
354	2.305	Income tax at 31/12	357	2.309
		18 Other payables		
-	-	VAT and other tax and duties	2.302	2.215
6.955	7.464	Other account liabilities	13.136	13.844
6.955	7.464	Total other payables	15.438	16.059
		19 Deferred Income		
		Prepayments represent payments received concerning income for services in subsequent reporting years.		
		20 Security for loans and contingent liabilities		
550	538	Rent commitments, Skovlunde	550	538
-	62	Other rent and lease commitments	5.957	5.276
502	214	Performance guarantees	502	214

An all-moneys mortgage of DKK 16 million has been given to Nordea Bank, where the underlying assets represent a carrying amount at 31 December 2017 of DKK 91,8 million.

Group		
Notes	2017	2016
21	Cash flow statement - adjustments	
Gain on disposal of fixed assets	(1.781)	(1.113)
Amortisation	8.882	9.763
Changes in provisions	230	(2.141)
Total adjustments	7.331	6.509
22	Cash flow statement - change in working capita	
Change in inventories	3.189	1.982
Change in receivables	5.313	(634)
Changes in trade payables and other payables etc.	(5.267)	(4.421)
Total change in working capital	3.235	(3.072)

23 **Ownership structure and related party transactions**

Ownership:

Interest

Nova Instruments LLC, Wakefield, Massachusetts, USA

100,00% of outstanding shares

Related parties:

Dantec Dynamics A/S' related parties with significant control include:

- the parent company
- remuneration for board and management of the enterprises, see note 1

Transactions:

In the year:

- consolidated company transactions were concluded
- ordinary remuneration to management and employees was paid
- services were purchased from affiliated companies

Beyond this, no transactions have been made with the supervisory and executive boards, employees, significant shareholders, group enterprises or other related parties.

24 **Events occurring after the end of the financial year 2017**

No events have occurred after the financial year-end which could significantly affect the Group's financial position.