

Annual Report for 2018

Dantec Dynamics A/S

Tonsbakken 16-18
2740 Skovlunde

CVR-nr. 15 10 75 88

Approved by the General Meeting

May 29th 2019



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 2018.

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 2018 and of its financial performance and cash flow for the financial year 1 January to 31 December 2018.

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 29th 2019

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 2018, 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 2018, and of the results of operations and cash flows of the group and the company respectively for the financial year 1 January - 31 December 2018 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.

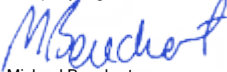
Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

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 29th 2019

Grant Thornton

Statsautoriseret Revisionspartnerselskab
Company reg. No. 34 20 99 36



Michael Beuchert
State Authorised Public Accountant
MNE-nr. 32794

Company details

Dantec Dynamics A/S

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Supervisory Board

Janet Barbookles, chairman

Jean-Marc Muller

Jesper Dela

Michael Larkin

Jørgen Frandsen

Executive Board

Anders Faurholt

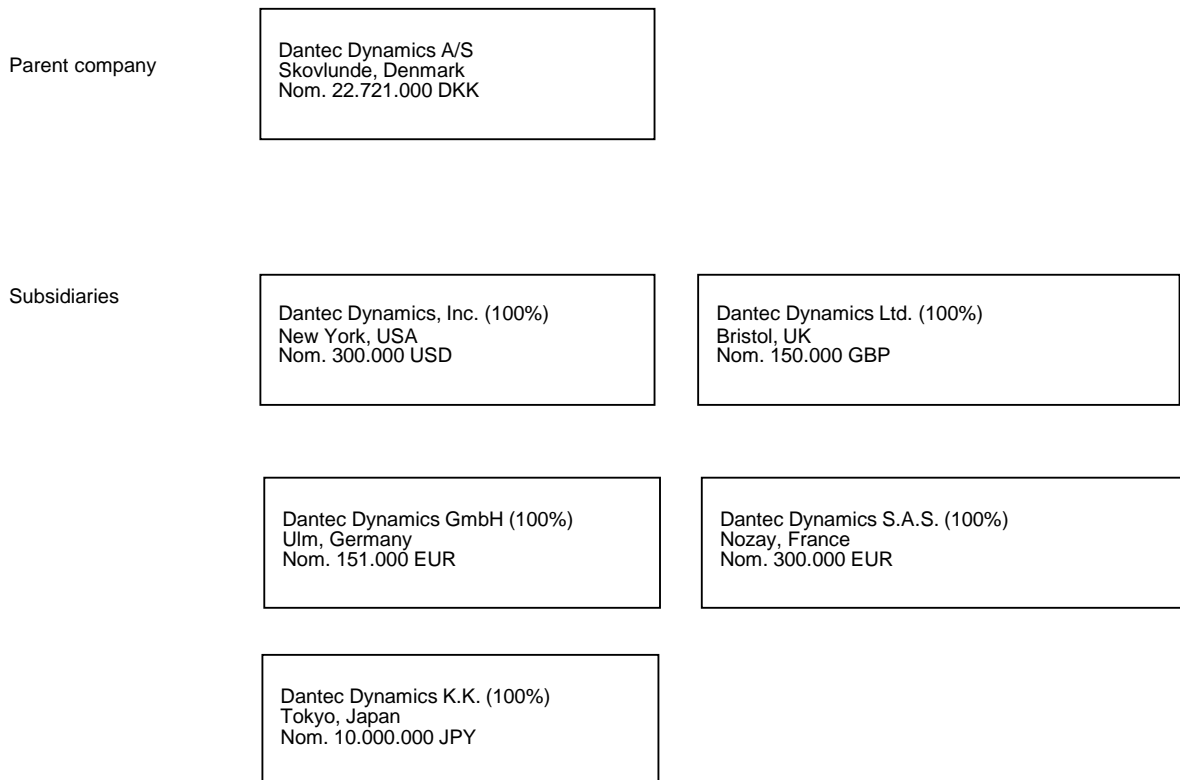
Auditors

Grant Thornton Statsautoriseret Revisionspartnerselskab

Bank

Nordea - Hovedvejen 112, 2600 Glostrup

Group chart



Financial highlights

5-year summary:

	2018	2017	2016	2015	2014
Key figures (in DKK million)					
Result					
Revenue	156,7	161,6	180,9	207,8	190,8
Operating profit or loss	-4,4	-3,2	11,5	12,1	11,4
Result of net financials	-1,2	-2,4	-2,7	0,2	-3,4
Pre-tax profit or loss	-5,6	-5,5	8,8	12,3	8,0
Net profit/loss for the year	-6,0	-6,2	6,3	8,5	7,0
Balance sheet					
Shareholders' equity	42,1	42,2	49,6	49,0	39,8
Balance sheet total	103,9	108,1	127,3	128,9	125,7
Investments in property, plant and equipment	3,7	3,3	3,2	2,8	7,6
Number of employees	103	111	111	114	109
Ratios					
EBIT	-3%	-2%	6%	6%	6%
EBITDA	2%	4%	12%	10%	10%
EBIT, adjusted	5%	7%	16%	14%	14%
EBITDA, adjusted	10%	12%	21%	18%	18%
Return on equity	-14%	-13%	13%	19%	19%
Equity ratio	41%	39%	39%	38%	32%

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 2018 decreased by 4,939 kDKK from 2017. The Group had an operating result of 7,632 kDKK, exclusive of Related Third Party Management Services and Restructuring Expenses. The Group generated a net loss before tax of 5,580 kDKK in 2018 as compared to a net loss before tax of 5,536 kDKK in 2017.

Group structure

The group structure remained unchanged in 2018.

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 2018, the Group capitalized research and development projects amounting to 2,1 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 2019

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 2019.

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.

The accounting policies have been changed regarding the recognition of revenue from sales to distributors, from recognition of the revenue net of commission paid to the distributor, to gross recognition of revenue and recognition of the commission paid as other external expenses. The change in accounting policies has increased revenue and other external expenses by 4,875 KDKK, (2017: 6,643KDKK). Otherwise, the accounting policies are unchanged from last year.

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	
2018	2017	Notes	2018	2017
100.770	96.053	Revenue	156.669	161.608
(1.927)	(2.223)	Change in stock of finished goods and work in progress	(2.868)	(2.568)
9.017	10.924	Other operating income	-	-
107.861	104.753	Total income	153.801	159.040
51.818	41.776	Raw materials and consumables	60.433	57.195
20.100	23.038	Other external expenses	31.052	35.209
35.942	39.939	Gross margin	62.315	66.636
28.579	29.950	1 Staff costs	58.632	60.911
6.488	6.827	2 Amortisation/depreciation and write-downs of intangible assets and property, plant and equipment	8.063	8.882
875	3.162	Operating profit/loss	(4.379)	(3.157)
(7.134)	(7.899)	3 Loss from investments in group enterprises,	-	-
1.462	881	4 Financial income	1.009	973
844	1.718	5 Financial expenses	2.209	3.352
(5.640)	(5.574)	Loss from ordinary activities before tax	(5.580)	(5.536)
331	509	6 Tax on ordinary result current year	392	547
26	77	6 Adjustment tax, regarding last year	26	77
(5.998)	(6.161)	7 Net loss for the year	(5.998)	(6.161)

Parent Company		Assets		Group	
2018	2017	Notes		2018	2017
11.221	15.100		Completed development projects	11.248	15.286
1.835	1.077		Development projects in progress	1.835	1.077
489	425		Acquired rights	489	441
13.545	16.601	8	Intangible assets	13.572	16.804
1.281	1.429		Plant and machinery	1.170	1.316
2.227	1.343		Other fixtures and fittings, tools and equipment	4.643	4.146
26	39		Leasehold improvements	26	39
3.534	2.811	9	Property, plant and equipment	5.839	5.502
9.396	15.386	10	Investments in group enterprises	-	-
544	537	11	Other receivables	1.038	1.022
9.940	15.923		Investments	1.038	1.022
27.019	35.336		Total fixed assets	20.450	23.327
13.921	9.908		Raw material and consumables	15.197	11.143
1.298	825		Production in progress	1.365	994
4.897	7.296		Manufactured goods and goods for resale	6.342	9.580
20.116	18.030		Inventories	22.904	21.718
5.593	8.415		Trade receivables	45.781	47.466
31.898	29.187		Receivables from group enterprises	-	-
-	-		Prepaid company tax	-	-
1.122	298	12	Other receivables	2.149	893
574	574	13	Prepayments	964	864
39.187	38.475		Receivables	48.893	49.223
4	4		Cash	11.698	13.859
59.307	56.509		Total current assets	83.495	84.800
86.326	91.845		Total assets	103.944	108.127

Parent Company		Equity and liabilities			Group	
2018	2017	Notes		2018	2017	
22.721	22.721		Share capital	22.721	22.721	
13.919	14.948		Retained earnings	13.919	14.948	
5.461	4.549		Reserve for development projects	5.461	4.549	
42.101	42.218	14	Total shareholders' equity	42.101	42.218	
-	-		Provisions for pensions and similar liabilities	7.265	14.206	
1.952	10.077		Negative equity group enterprises	-	-	
3.282	3.666		Deferred tax liability	3.282	3.666	
305	220		Warranty provisions	424	369	
5.539	13.963	15	Provisions	10.972	18.241	
7.762	10.335		Long term loan from group enterprises	7.762	10.335	
-	-		Other long term liabilities	106	93	
7.762	10.335	16	Long-term liabilities	7.868	10.428	
6.766	5.889		Debt to Credit Institutions	6.766	5.889	
92	3		Prepayments received from customers	434	607	
12.218	9.486		Trade payables	14.026	11.257	
2.563	225		Payables to group enterprises	2.563	225	
716	354	17	Income tax	720	357	
6.180	6.955	18	Other payables	14.977	15.438	
2.390	2.416	19	Deferred income	3.518	3.464	
30.924	25.328		Short-term liabilities	43.003	37.239	
38.686	35.663		Total liabilities other than provisions	50.872	47.667	
86.326	91.845		Total equity and liabilities	103.944	108.127	

- 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 2018

Cash flow statement

kDKK

		Group	
Notes		2018	2017
	Operating income of ordinary activities	(4.379)	(3.157)
21	Adjustments	8.220	7.331
22	Changes in working capital	1.424	3.235
	Net interest and similar payments received and made	(1.200)	(2.380)
	Income tax paid	(384)	(2.666)
Cash flows from operating activities before net financials		3.680	2.364
	Additions of intangible assets	(2.234)	(3.687)
	Additions of property, plant and equipment	(3.675)	(3.307)
	Additions of investments	(16)	(111)
	Disposals of property, plant and equipment	-	1.950
Cash flows from investing activities		(5.925)	(5.155)
	Borrowings of long term debt	13	55
	Borrowings from group enterprises	(805)	(7.230)
Cash flows from financing activities		(791)	(7.175)
Changes in cash and cash equivalents		(3.037)	(9.966)
	Cash and cash equivalents at 1/1	7.969	17.935
Cash and cash equivalents at 31/12		4.932	7.969
Cash and cash equivalents at 31/12 include:			
	Cash	11.698	13.859
	Credit institutions, operating cash flow	(6.766)	(5.889)
		4.932	7.969

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 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
Shareholders' equity at 1/1 2018	22.721	4.549	14.948	-	42.218
Adjustments of pension liabilities			5.789		5.789
Exchange valuation of opening balance sheet and other adjustments in subsidiaries			92		92
Reserve for capitalized development projects		912	(912)		-
Net profit/loss for the year			(5.998)		(5.998)
Shareholders' equity at 31/12 2018	22.721	5.461	13.919	-	42.101
Parent	Share capital	Reserve for capitalized development projects	Retained earnings/ Accumulated loss	Proposed dividend for the year	Total
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
Shareholders' equity at 1/1 2018	22.721	4.549	14.948	-	42.218
Adjustments of pension liabilities in subsidiaries			5.789		5.789
Exchange valuation of opening balance sheet and other adjustments in subsidiaries			92		92
Reserve for capitalized development projects		912	(912)		-
Net profit/loss for the year			(5.998)		(5.998)
Shareholders' equity at 31/12 2018	22.721	5.461	13.919	-	42.101

Parent Company			Group	
2018	2017	Notes	2018	2017
		1 Staff costs		
26.841	28.149	Wages and salaries	51.325	53.765
1.245	1.295	Pension contribution	2.410	2.398
493	507	Other social security costs etc.	4.896	4.748
28.579	29.950	Total staff costs	58.632	60.911
1.168	1.289	Total salaries and fees paid to members of the Executive and Supervisory Boards	1.168	1.289
50	56	Average number of employees	103	111
		2 Amortisation/depreciation and write-downs of intangible assets and property, plant and equipment		
5.232	5.342	Completed development projects	5.391	5.642
58	84	Acquired rights	74	109
217	185	Plant and machinery	217	521
966	1.177	Other fixtures and fittings, tools and equipment	2.367	2.571
14	39	Leasehold improvements	14	39
-	-	Profit/(loss) on disposal of intangible assets	-	-
6.488	6.827	Total amortisations/depreciations	8.063	8.882

Parent Company			Group	
2018	2017	Notes	2018	2017
		3	Loss from investments in group enterprises	
-	-	Share of profit in subsidiaries		
(6.888)	(8.704)	Share of loss in subsidiaries		
(245)	804	Changes in internal profit on inventories bought within the group		
(7.134)	(7.899)	Total loss from investments in group enterprises, before tax		
		4	Financial income	
1.145	881	Interest receivable from group enterprises	-	-
317	-	Exchange gains	87	-
-	-	Other financial income	922	973
1.462	881	Total financial income	1.009	973
		5	Financial expenses	
164	297	Interest payable, group enterprises	164	297
-	937	Exchange losses	-	1.167
680	484	Other financial expenses	2.045	1.888
844	1.718	Total financial expenses	2.209	3.352
		6	Tax on profit/loss from ordinary activities	
716	633	Current tax	777	671
26	77	Adjustment tax, regarding last year	26	77
(385)	(123)	Deferred tax adjustments	(385)	(123)
357	587	Total tax on profit/loss from ordinary activities	418	625
		7	Proposed appropriation of profit/loss	
-	-	Proposed dividend		
-	-	Equity method transfer to net revaluation reserve		
(6.173)	(6.161)	Retained earnings		

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Notes

8 Intangible assets**Group**

	Completed developme-nt projects	Development projects in progress	Acquired rights	Total
Cost at 1/1 2018	46.558	1.077	2.138	49.773
Exchange adjustments 1/1 and other adjustments				-
Additions in the year	1.353	758	123	2.234
Disposals in the year	-	-	79	79
Cost at 31/12 2018	47.912	1.835	2.182	51.928
Amortisation and write-downs at 1/1 2018	31.273	-	1.697	32.970
Exchange adjustments 1/1 and other adjustments				-
Amortisation in the year	5.391	-	74	5.466
Reversed amortisations, disposals	-	-	79	79
Amortisation and write-downs at 31/12 2018	36.664	-	1.692	38.356
Carrying amount at 31/12 2018	11.248	1.835	489	13.572

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 developme-nt projects	Development projects in progress	Acquired rights	Total
Cost at 1/1 2018	44.269	1.077	1.961	47.307
Additions in the year	1.353	758	123	2.234
Disposals in the year	-	-	-	-
Cost at 31/12 2018	45.622	1.835	2.084	49.541
Amortisation and write-downs at 1/1 2018	29.169	-	1.536	30.705
Amortisation and write-downs in the year	5.232	-	58	5.290
Reversed amortisations, disposals	-	-	-	-
Amortisation and write-downs at 31/12 2018	34.401	-	1.594	35.995
Carrying amount at 31/12 2018	11.221	1.835	489	13.545

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 2018	6.468	28.262	3.179	37.910
Exchange adjustments at 1/1 and other adjustments		(148)		(148)
Additions in the year	77	3.598	-	3.675
Disposals in the year	160	2.543	-	2.703
Cost at 31/12 2018	6.385	29.169	3.179	38.734
Amortisation and write-downs at 1/1 2018	5.152	24.116	3.140	32.408
Exchange adjustments 1/1 and other adjustments		(181)		(181)
Amortisation in the year	217	2.367	14	2.598
Reversed amortisations, disposals	154	1.776	-	1.930
Amortisation and write-downs at 31/12 2018	5.215	24.526	3.154	32.895
Carrying amount at 31/12 2018	1.170	4.643	26	5.839

Parent

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Total
Cost at 1/1 2018	6.261	12.940	2.692	21.893
Additions in the year	77	2.308	-	2.385
Disposals in the year	160	1.032	-	1.192
Cost at 31/12 2018	6.178	14.216	2.692	23.086
Amortisation and write-downs at 1/1 2018	4.832	11.597	2.653	19.082
Amortisation in the year	217	966	14	1.197
Reversed amortisations, disposals	152	574	-	726
Amortisation and write-downs at 31/12 2018	4.897	11.989	2.667	19.552
Carrying amount at 31/12 2018	1.281	2.227	26	3.534

		Parent Company	
Notes		2018	2017
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	(64.657)	(55.544)
	Exchange valuation of opening balance sheet and other adjustments in subsidiaries	90	297
	Profit shares of the year	(1.904)	(10.215)
	Changes in internal profit	(245)	804
	Value adjustments at 31/12	(66.717)	(64.657)
	Investments with negative net asset value written down on receivables	28.509	32.440
	Investments with negative value	28.509	32.440
	Total investments in group enterprises	9.396	15.386

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 2018	Equity	Proportion held	Share capital
Dantec Dynamics, Inc.	USA	Holtsville, NY	(2.655)	3.893	100,00%	300.000 USD
Dantec Dynamics Ltd.	England	Bristol	5.127	(19.481)	100,00%	150.000 GBP
Dantec Dynamics GmbH	Germany	Ulm	(3.338)	6.193	100,00%	151.000 EUR
Dantec Dynamics S.A.S.	France	Nozay	1.416	(3.152)	100,00%	300.000 EUR
Dantec Dynamics K.K.	Japan	Tokyo	(1.650)	(5.070)	100,00%	10.000.000 JPY

Parent Company			Group	
2018	2017	Notes	2018	2017
		11		
		Other Receivables		
		<i>Deposits:</i>		
537	535	Cost at 1/1	1.022	911
6	2	Additions in the year	16	111
		Disposals in the year	-	-
544	537	Carrying amount at 31/12	1.038	1.022

Parent Company			Group	
2018	2017	Notes	2018	2017
		12 Other receivables		
743	245	VAT and other duties	1.247	533
379	53	Other receivables	902	361
1.122	298	Total other receivables	2.149	893

13 Prepayments

Prepayments represent prepaid expenses on subscriptions and housing costs.

Parent Company			Group	
2018	2017	Notes	2018	2017
		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		
305	220	Warranty provisions	424	369
-	-	Provisions for pensions and similar liabilities	7.265	14.206
1.952	10.077	Negative equity group enterprises	-	-
		Deferred tax liability		
3.666	3.790	Deferred tax at 1/1	3.666	3.790
(385)	(123)	Change of deferred tax	(385)	(123)
		Change of deferred tax liability includes:		
(502)	(459)	Intangible assets	(502)	(459)
126	383	Property, plant and equipment	126	383
(8)	(47)	Current assets	(8)	(47)
3.282	3.666	Deferred tax liability 31/12	3.282	3.666
		Deferred tax liability includes:		
3.370	3.873	Intangible assets	3.370	3.873
(135)	(260)	Property, plant and equipment	(135)	(260)
46	54	Current assets	46	54
3.282	3.666	Deferred tax liability 31/12	3.282	3.666
		Hereof allocated on companies:		
3.282	3.666	Dantec Dynamics A/S, Danmark	3.282	3.666
3.282	3.666	Deferred tax liability 31/12	3.282	3.666
5.539	13.963	Total provisions	10.972	18.241

Parent Company			Group	
2018	2017	Notes	2018	2017
		16 Long term debt		
7.762	10.335	Long term loan from group enterprises	7.762	10.335
-	-	Other long term liabilities falls due within 1 to 5 years	106	93
7.762	10.335	Total long term debt	7.868	10.428
		17 Income tax		
354	2.305	Income tax at 1/1	357	2.309
716	633	Current tax in the year	720	637
(354)	(2.584)	Settled tax	(354)	(2.584)
-	-	Settled by group enterprises	(4)	(4)
716	354	Income tax at 31/12	720	357
		18 Other payables		
-	-	VAT and other tax and duties	3.258	2.302
6.180	6.955	Other account liabilities	11.719	13.136
6.180	6.955	Total other payables	14.977	15.438
		19 Deferred Income		
		Prepayments represent payments received concerning income for services in subsequent reporting years.		
		20 Security for loans and contingent liabilities		
524	550	Rent commitments, Skovlunde	524	550
-	-	Other rent and lease commitments	3.328	5.957
335	502	Performance guarantees	335	502

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 and a letter of subordination of DKK 6,2 million from Nova Instruments LLC on the long-term loan balance of DKK 7,8 million.

Group		
Notes	2018	2017
21 Cash flow statement - adjustments		
Gain on disposal of fixed assets	(1.014)	(1.781)
Amortisation	7.049	8.882
Changes in provisions	2.185	230
Total adjustments	8.220	7.331
22 Cash flow statement - change in working capital		
Change in inventories	(1.186)	3.189
Change in receivables	330	5.313
Changes in trade payables and other payables etc.	2.280	(5.267)
Total change in working capital	1.424	3.235
23 Ownership structure and related party transactions		
Ownership:	<u>Interest</u>	
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 2018		
No events have occurred after the financial year-end which could significantly affect the Group's financial position.		