

**SinoScan Group A/S**  
Kongensgade 58C, 2.1  
5000 Odense C  
Central Business Registration  
No 20243384

**Annual report 2018**

The Annual General Meeting adopted the annual report on 27.05.2019

**Chairman of the General Meeting**

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Name: Flemming Hønnerup Nielsen

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## Entity details

### Entity

SinoScan Group A/S  
Kongensgade 58C, 2.1  
5000 Odense C

Central Business Registration No: 20243384  
Registered in: Odense  
Financial year: 01.01.2018 - 31.12.2018

### Board of Directors

Thomas Villum Folmann, Chairman  
Uffe Gyntzel  
Flemming Hønnerup Nielsen

### Executive Board

Uffe Gyntzel

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Tværkajen 5  
Postboks 10  
5100 Odense C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SinoScan Group A/S for the financial year 01.01.2018 - 31.12.2018.

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 Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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.

Odense, 27.05.2019

### Executive Board

Uffe Gyntzel

### Board of Directors

Thomas Villum Folmann  
Chairman

Uffe Gyntzel

Flemming Hønnerup Nielsen

## Independent auditor's report

### To the shareholders of SinoScan Group A/S

#### Opinion

We have audited the consolidated financial statements and the parent financial statements of SinoScan Group A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 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 financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements

## Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent 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 the parent 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 Entity'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 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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

## Independent auditor's report

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Odense, 27.05.2019

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

Johnny Bækholm  
State Authorised Public Accountant  
Identification number (MNE) mne29445

## Management commentary

	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit	28.446	26.125	27.466	22.151	23.860
Operating profit/loss	1.687	1.897	4.591	(1.069)	5.406
Net financials	(97)	(1.806)	(340)	367	1.017
Profit/loss for the year	830	(595)	2.709	(1.053)	5.015
Total assets	50.322	46.240	48.454	46.232	57.707
Investments in property, plant and equipment	289	359	1.004	1.523	99
Equity incl minority interests	16.907	10.902	13.621	12.756	13.831
<b>Ratios</b>					
Return on equity (%)	6,0	(4,9)	20,5	(7,9)	37,4
Equity ratio (%)	33,6	23,6	28,1	27,6	24,0

*Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.*

Ratios	Calculation formula	Ratios
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## Management commentary

### Primary activities

The object of the Entity is to explore new markets and set up new subsidiaries, hold investments in and support and develop existing subsidiaries.

### Development in activities and finances

The company's development and profit is not satisfactory. The result is effected negative by an extraordinary cost of 1.285.000 for redundancy payment to our previous managing director.

The budgeted sales did not come through in 2018, which resulted in a small positive result.

### Outlook

The investment in sales-and marketing activities was continued in 2018, and we are estimating a 15% growth in sales and a satisfactory growth in profit.

### Particular risks

Trading with foreign countries include transactions and positions in foreign currency. In addition, possible trade barriers (especially into USA from China) is still a risk for 2019. It is the opinion, that there are no other risks than can affect the earnings or financial position, apart from those that may appear and are common within the business areas of the Group.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## Consolidated income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
<b>Gross profit</b>		<b>28.446.116</b>	<b>26.125</b>
Staff costs	1	(26.223.632)	(23.752)
Depreciation, amortisation and impairment losses		<u>(535.335)</u>	<u>(476)</u>
<b>Operating profit/loss</b>		<b>1.687.149</b>	<b>1.897</b>
Other financial income		211.529	8
Other financial expenses		<u>(308.362)</u>	<u>(1.814)</u>
<b>Profit/loss before tax</b>		<b>1.590.316</b>	<b>91</b>
Tax on profit/loss for the year	2	<u>(760.598)</u>	<u>(686)</u>
<b>Profit/loss for the year</b>	3	<b>829.718</b>	<b>(595)</b>

## Consolidated balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Acquired licences		99.396	124
<b>Intangible assets</b>	4	<b>99.396</b>	<b>124</b>
Other fixtures and fittings, tools and equipment		1.301.842	1.318
Leasehold improvements		672.263	906
<b>Property, plant and equipment</b>	5	<b>1.974.105</b>	<b>2.224</b>
<b>Fixed assets</b>		<b>2.073.501</b>	<b>2.348</b>
Raw materials and consumables		3.364.574	2.451
Manufactured goods and goods for resale		18.442.851	19.530
<b>Inventories</b>		<b>21.807.425</b>	<b>21.981</b>
Trade receivables		15.635.661	13.252
Deferred tax	6	47.436	400
Other receivables		3.687.751	2.768
Income tax receivable		83.314	180
Prepayments		1.132.901	102
<b>Receivables</b>		<b>20.587.063</b>	<b>16.702</b>
<b>Cash</b>		<b>5.853.735</b>	<b>5.209</b>
<b>Current assets</b>		<b>48.248.223</b>	<b>43.892</b>
<b>Assets</b>		<b>50.321.724</b>	<b>46.240</b>

## Consolidated balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Contributed capital		1.000.000	500
Retained earnings		12.015.805	4.326
Proposed dividend		500.000	0
<b>Equity attributable to the Parent's owners</b>		<b>13.515.805</b>	<b>4.826</b>
<b>Share of equity attributable to minority interests</b>		<b>3.391.431</b>	<b>6.076</b>
<b>Equity</b>		<b>16.907.236</b>	<b>10.902</b>
Bank loans		8.998.826	7.904
Prepayments received from customers		3.698.249	3.296
Trade payables		14.111.928	11.476
Other payables		6.605.485	12.662
<b>Current liabilities other than provisions</b>		<b>33.414.488</b>	<b>35.338</b>
<b>Liabilities other than provisions</b>		<b>33.414.488</b>	<b>35.338</b>
<b>Equity and liabilities</b>		<b>50.321.724</b>	<b>46.240</b>
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Subsidiaries	10		

## Consolidated statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Share of equity attributable to minority interests DKK
Equity beginning of year	500.000	4.325.989	0	6.075.365
Effect of mergers and business combinations	0	(1.613.062)	0	(2.729.429)
Increase of capital	500.000	9.500.000	0	0
Ordinary dividend paid	0	0	0	(1.127.800)
Exchange rate adjustments	0	81.038	0	31.059
Other equity postings	0	534.358	0	0
Profit/loss for the year	0	(812.518)	500.000	1.142.236
<b>Equity end of year</b>	<b>1.000.000</b>	<b>12.015.805</b>	<b>500.000</b>	<b>3.391.431</b>
				<b>Total DKK</b>
Equity beginning of year				10.901.354
Effect of mergers and business combinations				(4.342.491)
Increase of capital				10.000.000
Ordinary dividend paid				(1.127.800)
Exchange rate adjustments				112.097
Other equity postings				534.358
Profit/loss for the year				829.718
<b>Equity end of year</b>				<b>16.907.236</b>

## Consolidated cash flow statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Operating profit/loss		1.687.149	1.897
Amortisation, depreciation and impairment losses		535.335	475
Working capital changes	7	(7.180.153)	2.351
Other adjustments		537.619	(281)
<b>Cash flow from ordinary operating activities</b>		<b>(4.420.050)</b>	<b>4.442</b>
Financial income received		211.529	7
Financial income paid		(308.362)	(1.814)
Income taxes refunded/(paid)		(174.430)	(1.078)
<b>Cash flows from operating activities</b>		<b>(4.691.313)</b>	<b>1.557</b>
Acquisition etc of intangible assets		(87.500)	(4)
Acquisition etc of property, plant and equipment		(201.148)	(359)
Sale of property, plant and equipment		0	11
Acquisition of fixed asset investments		(4.342.490)	0
<b>Cash flows from investing activities</b>		<b>(4.631.138)</b>	<b>(352)</b>
Dividend paid		(1.127.800)	(1.500)
Cash increase of capital		10.000.000	0
<b>Cash flows from financing activities</b>		<b>8.872.200</b>	<b>(1.500)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(450.251)</b>	<b>(295)</b>
Cash and cash equivalents beginning of year		(2.694.840)	(2.218)
Currency translation adjustments of cash and cash equivalents		0	(181)
<b>Cash and cash equivalents end of year</b>		<b>(3.145.091)</b>	<b>(2.694)</b>
Cash and cash equivalents at year-end are composed of:			
Cash		5.853.735	5.209
Short-term debt to banks		(8.998.826)	(7.903)
<b>Cash and cash equivalents end of year</b>		<b>(3.145.091)</b>	<b>(2.694)</b>

## Notes to consolidated financial statements

	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	21.286.214	19.160
Pension costs	484.293	362
Other social security costs	3.759.608	3.480
Other staff costs	693.517	750
	<b>26.223.632</b>	<b>23.752</b>
 Average number of employees	 <b>110</b>	 <b>104</b>
	 <b>Remunera- tion of manage- ment 2018 DKK</b>	 <b>Remunera- tion of manage- ment 2017 DKK'000</b>
Executive Board	0	2.150
Total amount for management categories	1.700.882	0
	<b>1.700.882</b>	<b>2.150</b>
	 <b>2018 DKK</b>	 <b>2017 DKK'000</b>
<b>2. Tax on profit/loss for the year</b>		
Tax on current year taxable income	556.289	740
Change in deferred tax for the year	(221.366)	(81)
Adjustment concerning previous years	425.675	27
	<b>760.598</b>	<b>686</b>
	 <b>2018 DKK</b>	 <b>2017 DKK'000</b>
<b>3. Proposed distribution of profit/loss</b>		
Ordinary dividend for the financial year	500.000	0
Retained earnings	(812.518)	(2.444)
Minority interests' share of profit/loss	1.142.236	1.849
	<b>829.718</b>	<b>(595)</b>

## Notes to consolidated financial statements

	<b>Acquired licences DKK</b>	
<b>4. Intangible assets</b>		
Cost beginning of year	262.634	
Exchange rate adjustments	(3.000)	
Additions	1.858	
<b>Cost end of year</b>	<b>261.492</b>	
Amortisation and impairment losses beginning of year	(138.519)	
Amortisation for the year	(23.577)	
<b>Amortisation and impairment losses end of year</b>	<b>(162.096)</b>	
<b>Carrying amount end of year</b>	<b>99.396</b>	
	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
<b>5. Property, plant and equipment</b>		
Cost beginning of year	2.916.840	1.392.721
Exchange rate adjustments	(5.000)	(6.000)
Additions	201.148	87.500
Disposals	(15.035)	(18.610)
<b>Cost end of year</b>	<b>3.097.953</b>	<b>1.455.611</b>
Depreciation and impairment losses beginning of the year	(1.599.450)	(487.286)
Exchange rate adjustments	1.000	3.000
Depreciation for the year	(212.696)	(299.062)
Reversal regarding disposals	15.035	0
<b>Depreciation and impairment losses end of the year</b>	<b>(1.796.111)</b>	<b>(783.348)</b>
<b>Carrying amount end of year</b>	<b>1.301.842</b>	<b>672.263</b>
		<b>2018 DKK</b>
<b>6. Deferred tax</b>		
<b>Changes during the year</b>		
Beginning of year		399.820
Recognised in the income statement		(201.668)
Recognised directly in equity		(150.716)
<b>End of year</b>		<b>47.436</b>



## Notes to consolidated financial statements

	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>7. Change in working capital</b>		
Increase/decrease in inventories	174.139	543
Increase/decrease in receivables	(4.336.218)	954
Increase/decrease in trade payables etc	(3.018.074)	854
	<b>(7.180.153)</b>	<b>2.351</b>

### 8. Unrecognised rental and lease commitments

Rental and lease agreements with a shorter term have been entered into. Total amount DKK 3,896 thousand.

### 9. Contingent liabilities

The group has entered into foreign exchange contracts to hedge future purchases of goods in Chinese renminbi. The contracts, the latest expiring on 26 august 2019, total DKK 14,443 thousand.

	<b>Registered in</b>	<b>Equity inte- rest %</b>
<b>10. Subsidiaries</b>		
SinoScan (Shanghai) Co. Ltd.	China	100,0
SinoScan UK Limited	England	66,7
SinoScan Inc.	Canada	100,0
SinoScan A/S	Vejle, Denmark	100,0
SinoScan GmbH	Germany	100,0
SinoScan, Inc. - U.S.A.	USA	66,7

## Parent income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
<b>Gross loss</b>		<b>(457.501)</b>	<b>(505)</b>
Staff costs	1	(2.514.663)	(3.137)
<b>Operating profit/loss</b>		<b>(2.972.164)</b>	<b>(3.642)</b>
Income from investments in group enterprises		2.239.381	1.413
Other financial income	2	770.199	527
Other financial expenses	3	(523.964)	(1.843)
<b>Profit/loss before tax</b>		<b>(486.548)</b>	<b>(3.545)</b>
Tax on profit/loss for the year	4	174.030	1.101
<b>Profit/loss for the year</b>	5	<b>(312.518)</b>	<b>(2.444)</b>

## Parent income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Investments in group enterprises		16.710.445	10.594
<b>Fixed asset investments</b>	6	<b>16.710.445</b>	<b>10.594</b>
<b>Fixed assets</b>		<b>16.710.445</b>	<b>10.594</b>
Receivables from group enterprises		10.968.969	12.340
Deferred tax	7	221.366	425
Income tax receivable		732.339	1.461
Prepayments	8	273.984	640
<b>Receivables</b>		<b>12.196.658</b>	<b>14.866</b>
<b>Cash</b>		<b>58</b>	<b>0</b>
<b>Current assets</b>		<b>12.196.716</b>	<b>14.866</b>
<b>Assets</b>		<b>28.907.161</b>	<b>25.460</b>

## Parent balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Contributed capital		1.000.000	500
Reserve for net revaluation according to the equity method		1.454.210	723
Retained earnings		12.174.658	3.603
Proposed dividend		500.000	0
<b>Equity</b>		<b>15.128.868</b>	<b>4.826</b>
Bank loans		6.194.089	5.084
Payables to group enterprises		4.872.992	7.684
Other payables		2.711.212	7.866
<b>Current liabilities other than provisions</b>		<b>13.778.293</b>	<b>20.634</b>
<b>Liabilities other than provisions</b>		<b>13.778.293</b>	<b>20.634</b>
<b>Equity and liabilities</b>		<b>28.907.161</b>	<b>25.460</b>

Mortgages and securities

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## Parent statement of changes in equity for 2018

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	500.000	723.231	3.602.759	0
Increase of capital	500.000	0	9.500.000	0
Exchange rate adjustments	0	81.038	0	0
Other equity postings	0	534.358	0	0
Profit/loss for the year	0	115.583	(928.101)	500.000
<b>Equity end of year</b>	<b>1.000.000</b>	<b>1.454.210</b>	<b>12.174.658</b>	<b>500.000</b>
				<b>Total DKK</b>
Equity beginning of year				4.825.990
Increase of capital				10.000.000
Exchange rate adjustments				81.038
Other equity postings				534.358
Profit/loss for the year				(312.518)
<b>Equity end of year</b>				<b>15.128.868</b>

## Notes to parent financial statements

	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	2.489.783	3.117
Other social security costs	24.880	20
	<b>2.514.663</b>	<b>3.137</b>
 Average number of employees	 <b>4</b>	 <b>3</b>
	<b>Remunera- tion of manage- ment 2018 DKK</b>	<b>Remunera- tion of manage- ment 2017 DKK'000</b>
Executive Board	0	2.150
Total amount for management categories	1.700.882	0
	<b>1.700.882</b>	<b>2.150</b>
	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>2. Other financial income</b>		
Financial income arising from group enterprises	484.865	527
Exchange rate adjustments	285.334	0
	<b>770.199</b>	<b>527</b>
	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>3. Other financial expenses</b>		
Financial expenses from group enterprises	395.251	254
Exchange rate adjustments	0	1.128
Other financial expenses	128.713	461
	<b>523.964</b>	<b>1.843</b>
	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>4. Tax on profit/loss for the year</b>		
Change in deferred tax for the year	(221.366)	(38)
Adjustment concerning previous years	425.675	28
Refund in joint taxation arrangement	(378.339)	(1.091)
	<b>(174.030)</b>	<b>(1.101)</b>

## Notes to parent financial statements

	<b>2018 DKK</b>	<b>2017 DKK'000</b>
<b>5. Proposed distribution of profit/loss</b>		
Ordinary dividend for the financial year	500.000	0
Transferred to reserve for net revaluation according to the equity method	115.583	(1.543)
Retained earnings	(928.101)	(901)
	<b>(312.518)</b>	<b>(2.444)</b>
		<b>Investment s in group enterprises DKK</b>
<b>6. Fixed asset investments</b>		
Cost beginning of year		7.870.086
Additions		4.342.490
<b>Cost end of year</b>		<b>12.212.576</b>
Revaluations beginning of year		2.723.231
Exchange rate adjustments		81.038
Adjustments on equity		534.358
Share of profit/loss for the year		2.134.381
Adjustment of intra-group profits		105.000
Dividend		(2.255.600)
Investments with negative equity depreciated over receivables		1.175.461
<b>Revaluations end of year</b>		<b>4.497.869</b>
<b>Carrying amount end of year</b>		<b>16.710.445</b>
Goodwill or negative goodwill recognised during the financial year		<b>1.613.062</b>
		<b>2018 DKK</b>
<b>7. Deferred tax</b>		
<b>Changes during the year</b>		
Beginning of year		425.000
Recognised in the income statement		(203.634)
<b>End of year</b>		<b>221.366</b>
<b>8. Prepayments</b>		
Prepayments comprise incurred costs relating to subsequent financial years.		

## Notes to parent financial statements

### 9. Mortgages and securities

The company is a management company being party to a joint taxation scheme. The company is therefore committed according to the rules of the company income tax act from the financial year 2013 for income tax etc. for the jointly taxed companies, and from 1<sup>st</sup> July 2012 also for possible commitments to hold withholding tax on interest, royalties and returns for the jointly taxed companies.

The company has guaranteed for the subsidiary SinoScan A/S' balances with banks which amounted to 2,805,737 DKK on 31 December 2018 and for the subsidiary SinoScan GmbH's balances with banks which amounted to xDKK on 31 December 2018.

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year



## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (middle).

The accounting policies applied for this consolidated financial statements and parent financial statements are consistent with those applied last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

### Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

## Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

#### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

#### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

#### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

## Accounting policies

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent Company is jointly taxed with the Danish subsidiary. The current Danish corporation tax is divided between the jointly taxed Danish companies in relation to their taxable income (total distribution with repayment concerning taxable losses).

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

#### Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

## Accounting policies

### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally 5 years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

## Accounting policies

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

### Minority interests

Minority interests consist of non-controlling interests share of equity in subsidiaries not 100% owned by the parent company.

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

### Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

## Accounting policies

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.