SubCPartner A/S

Kogade 1 A, 6700 Esbjerg

CVR no. 28 70 26 12

Annual report 2015

Approved at the Company's annual general meeting on 20 May 2016

Chairman:

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of SubCPartner A/S for the financial year 1 January - 31 December 2015.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2015 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January - 31 December 2015.

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

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

Esbjerg, 21 April 2016
Executive Board:

Torben Andersen

Board of Directors:

Johannes Huus Bogh Chairman	Kaj Møller Lindvig	Jan Hove Sørensen

Independent auditors' report

To the shareholders of SubCPartner A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of SubCPartner A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Esbjerg, 21 April 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

John E. Lesbo
State Authorised
Public Accountant

Claus E. Andreasen
State Authorised
Public Accountant

Management's review

Company details

Name	SubCPartner A/S
Address, zip code, city	Kogade 1 A, 6700, Esbjerg
CVR no.	28 70 26 12
Established	15 April 2005
Registered office	Esbjerg
Financial year	1 January - 31 December
Website	www.subcpartner.com
E-mail	mail@subcpartner.com
Telephone	+45 70 23 21 22
Fax	+45 70 10 04 69
Board of Directors	Johannes Huus Bogh, Chairman Kaj Møller Lindvig Jan Hove Sørensen
Executive Board	Torben Andersen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33, 6700 Esbjerg

Management's review

Financial highlights for the Group

DKK'000	2015	2014	2013	2012
Key figures				
Gross profit	76,556	80,105	66,435	66,400
EBITDA	17,148	21,189	15,192	27,756
Ordinary operating profit	10,440	15,817	9,576	23,538
Loss from financial income and expense	-945	-1,090	-2,803	-2,892
Profit for the year	**7,628**	**11,208**	**5,018**	**14,439**
Non-current assets	30,804	20,499	18,510	13,826
Current assets	40,631	50,642	54,082	77,842
Total assets	**71,435**	**71,141**	**72,592**	**91,668**
Portion relating to investment in property, plant and equipment	14,701	7,800	9,800	6,136
Equity	**30,812**	**34,172**	**22,935**	**18,025**
Provisions	2,281	4,062	4,538	2,841
Non-Current liabilities other than provisions	309	528	1,097	1,525
Current liabilities other than provisions	38,033	32,031	44,022	69,278
Cash flows from operating activities	16,016	28,978	11,594	-10,058
Cash flows from investing activities	-16,998	-7,404	-10,310	-5,952
Cash flows from financing activities	-11,566	-942	-13,849	24,815
Total cash flows	**-12,548**	**20,632**	**-12,565**	**8,805**
Financial ratios				
Solvency ratio	43.1 %	48.0 %	31.6 %	19.7 %
Return on equity	23.5 %	39.3 %	24.5 %	347.1 %
Average number of full-time employees	**100**	**104**	**82**	**56**

Management's review

Operating review

Principal activities of the Group

SubC Partner Group is engaged in subsea and topside inspection, repair and maintenance of offshore wind and oil/gas installations and vessels as well as manufacturing and repair of modules, structures and process equipment for the oil/gas industry. SubC partner covers the entire value chain from engineering to operations/installations.

Development in activities and financial position

Profit after tax amounted to DKK 7,628 thousand compared to DKK 11,208 thousand last year. The activity and the profit for the year was on expected level, and management considers the profit for the year to be satisfactory.

The operating cash flow for 2015 amounted to DKK 16,016 thousand, which management considers being satisfactory.

Outlook

Despite a challenging development within the offshore oil/gas industry, the 2015 activity for the group was on budgeted level. The split of the activity in the main markets Offshore Wind and Offshore oil/gas changed during the year.

The current oil prices and the overall reduced activity level within the oil/gas industry caused by this, is expected to continue throughout 2016.

Through innovative and cost savings solutions, and by addressing both offshore Wind and oil/gas we expect to maintain 2015 activity level, however current market conditions could have effects on 2016 results.

Total earnings for 2016 is expected to be at level with 2015, however current market conditions could have effects on 2016 results as mentioned above.

The primary markets are the Northern Sea, and the countries surrounding it. The Group is established in Denmark, the United Kingdom, Germany and Norway.

Events after the balance sheet date

No events have occurred subsequent to the balance sheet date, which would have significant impact on the financial position of the Company.

Particular risks

General risks

The offshore Wind- and the Oil and Gas- industries are characterized by a cyclical level of activity. Furthermore, the activity level is highly influenced by political discussions and legislation.

The activities in the Group are spread across a number of business areas, reducing dependence of individual segments. It is also essential to the Group to be ahead of the technological development within all business areas.

Financial risks

Due to the level of Group interest bearing debt, moderate changes in the interest rates will only have minor effect on the Group's earnings. Thus, no interest rate positions are made.

Foreign currency exchange risks

The ongoing operations are exposed to currency exchange risks. The Group invoices in DKK, EUR, GBP and NOK, whereas a large share of purchasing is in DKK, EUR and GBP.

Currency risks are mainly hedged by purchasing and invoicing in the same currency. Significant contracts in GBP or NOK will be hedged by currency forward contracts.

Intellectual capital

The level of knowledge achieved by the Group is based on competence development, supplementary education, retention of staff and an inspiring, developing and challenging working environment, as well as ongoing employment of people with complementary expertise.

The Group continuously develops the level of knowledge so that it becomes a positive part of the group image and amplifies the market opportunities for the Group.

In addition, the Group owns one Intellectual Property Right in Europe and US.

Influence on external environment

For the benefit of the environment as well as from a financial point of view, the Group will try to reduce its environmental impact.

The Group maintains an efficient waste separation system, which ensures that the maximum amount of waste is recycled.

Research and development activities

The Group has no research activities. The development activities are made in the parent company and include new procedures and technical solutions within Subsea inspection and repair as well as welding procedures.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Income statement

		Consolidated		Parent company	
Note	DKK'000	2015	2014	2015	2014
	Gross profit	76,556	80,105	74,103	77,753
2	Staff costs	-59,408	-58,916	-57,070	-56,674
5 4	Depreciation on property, plant and equipment, amortisation of intangible assets and impairment losses	-6,872	-5,394	-6,858	-5,382
	Other operating income	164	22	164	22
	Ordinary operating profit	10,440	15,817	10,339	15,719
	Income from investments in subsidiaries	0	0	78	81
	Financial income	30	0	30	0
	Financial expenses	-975	-1,090	-975	-1,085
	Profit before tax	9,495	14,727	9,472	14,715
3	Tax on profit for the year	-1,867	-3,519	-1,844	-3,507
	Profit for the year	7,628	11,208	7,628	11,208

Proposed profit appropriation		
Reserve for net revaluation under the equity method	78	81
Retained earnings	50	127
Proposed dividends	7,500	11,000
	7,628	11,208

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
	ASSETS				
	Non-current assets				
4	**Intangible assets**				
	Patents and licences	4,105	1,918	4,105	1,918
		4,105	1,918	4,105	1,918
5	**Property, plant and equipment**				
	Leasehold improvements	2,558	2,051	2,558	2,051
	Fixtures and fittings, tools and equipment	23,544	15,907	23,528	15,879
		26,102	17,958	26,086	17,930
	Investments				
6	Investments in subsidiaries	0	0	791	700
	Deposits	597	623	570	570
		597	623	1,361	1,271
	Total non-current assets	30,804	20,499	31,552	21,119
	Current assets				
	Inventories				
	Raw materials and consumables	7,988	8,377	7,988	8,377
		7,988	8,377	7,988	8,377
	Receivables				
	Trade receivables	20,882	20,265	20,843	20,188
7	Contract work in progress	5,586	17,477	5,586	17,477
	Amounts owed by subsidiaries	0	0	0	88
	Other receivables	1,603	107	1,436	104
	Prepayments	1,690	1,220	1,674	1,204
		29,761	39,069	29,539	39,060
	Cash at bank and in hand	2,882	3,196	2,776	2,845
	Total current assets	40,631	50,642	40,303	50,282
	TOTAL ASSETS	71,435	71,141	71,855	71,401

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

		Consolidated		Parent company	
Note	DKK'000	2015	2014	2015	2014
	EQUITY AND LIABILITIES				
	Equity				
8	Share capital	500	500	500	500
	Reserve for net revaluation under the equity method	0	0	561	471
	Retained earnings	22,812	22,672	22,251	22,201
	Proposed dividends	7,500	11,000	7,500	11,000
	Total equity	30,812	34,172	30,812	34,172
	Provisions				
9	Deferred tax	2,281	4,062	2,282	4,087
	Total provisions	2,281	4,062	2,282	4,087
	Liabilities other than provisions				
	Non-current liabilities other than provisions				
10	Mortgage credit institutions	0	120	0	120
11	Lease liabilities	309	408	309	408
		309	528	309	528
	Current liabilities other than provisions				
	Current portion of non-current liabilities other than provisions	228	575	228	575
	Bank loans and overdrafts	24,548	12,314	24,548	12,314
	Trade payables	6,136	9,221	6,136	9,214
	Amounts owed to subsidiaries	0	0	465	206
	Corporation tax	925	1,995	913	1,957
	Other payables	6,070	8,020	6,036	8,094
7	Contract work in progress	126	254	126	254
		38,033	32,379	38,452	32,614
	Total liabilities other than provisions	38,342	32,907	38,761	33,142
	TOTAL EQUITY AND LIABILITIES	71,435	71,141	71,855	71,401

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13 Contractual obligations an contingencies, etc.
14 Related party disclosures
15 Subscription right warrants

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Statement of changes in equity

	Consolidated			
	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2015	500	22,672	11,000	34,172
Foreign currency translation adjustments, foreign subsidiaries	0	12	0	12
Paid dividends		0	-11,000	-11,000
Profit transferred for the year	0	128	7,500	7,628
Equity at 31 December 2015	500	22,812	7,500	30,812

	Parent company				
	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividends	Total
Equity at 1 January 2015	500	471	22,201	11,000	34,172
Foreign currency translation adjustments, foreign subsidiaries	0	12	0	0	12
Paid dividends	0	0	0	-11,000	-11,000
Profit transferred for the year	0	78	50	7,500	7,628
Equity at 31 December 2015	500	561	22,251	7,500	30,812

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Cash flow statement

Note	DKK'000	Consolidated 2015	2014
	Profit for the year	7,628	11,208
	Financial income and expenses	945	1,091
	Tax on profit for the year	1,867	3,518
	Profit before financial income and expenses	10,440	15,817
	Exchange rate adjustment	12	28
	Depreciation and amortisation	6,872	5,394
	Gains/losses on the disposal of plant and equipment	-164	22
	Changes in inventories	389	-2,673
	Changes in receivables	9,179	8,009
	Changes in trade payables	-5,048	5,532
	Cash generated from operations (operating activities)	21,680	32,129
	Interest received	30	0
	Interest paid	-975	-1,091
	Corporation tax paid	-4,719	-2,060
	Cash flows from operating activities	16,016	28,978
	Acquisition of intangible assets	-2,875	0
	Acquisition of property, plant and equipment	-14,701	-7,800
	Disposal of property, plant and equipment	553	351
	Changes in deposits	25	45
	Cash flows from investing activities	-16,998	-7,404
	Repayment of long-term debt	-566	-942
	Paid dividends	-11,000	0
	Cash flows from financing activities	-11,566	-942
	Net cash flows from operating, investing and financing activities	-12,548	20,632
	Cash and cash equivalents at 1 January	-9,118	-29,750
	Cash and cash equivalents at 31 December	-21,666	-9,118

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company financial statements.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 **Accounting policies**

The annual report of SubCPartner A/S for 2015 has been prepared in accordance with the provisions applying to reporting class C mid-sized enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the parent company, SubCPartner A/S, and subsidiaries in which SubCPartner A/S directly or indirectly holds more than 50 % of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation.

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of such assets can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of such liabilities can be reliably measured.

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

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Moreover, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date. Exchange rate differences arising between the exchange rates at the transaction date and the exchange rate at the date of payment are recognised as a financial item in the income statement.

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

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Revenue

Revenue is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place by the end of the year and that the income can be reliably measured and is expected to be received. Revenue is recognised ex. VAT and taxes charged on behalf of third parties.

Work in progress concerning customised production is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

In compliance with section 32 of the Danish Financial Statements Act, the Company has decided not to specify its revenue. Gross profit contains revenue, cost of goods sold and other external expenses.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, included compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Other operating income

Other operating income comprises items secondary to the activities of the enterprises, including gains on disposal of intangible assets and property, plant and equipment.

Other operating costs

Other operating costs comprise items secondary to the activities of the enterprises, including losses on disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, capital gains and losses on securities, payables and transactions denominated in foreign currencies and amortisation of financial assets and liabilities.

Profit/loss from investments in subsidiaries

The Company's proportional share of profit after tax of the subsidiaries is recognised in the income statement.

Tax on profit/loss for the year

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is jointly taxed with its higher-ranking parent company.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits (full absorption).

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Patents and licences

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence period, although not exceeding 7 years.

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

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	2-10 years
Leasehold improvements	5 years

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

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingencies, etc.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the equity value of the enterprises calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group gains and losses and plus or minus the residual value of positive or negative goodwill determined in accordance with the purchase method.

Net revaluation of investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds cost.

Impairment of non-current assets

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

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

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

Deposits

Deposits are recognised at cost.

Inventories

Inventories are measured at average cost, according to the FIFO-method. Where the net realisable value is lower than cost, inventories are written down to the net realisable value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

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

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

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

Contract work in progress

Work in progress (customised orders) is measured at the selling price of the work performed; less any payments received on account of the customer and expected losses.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Individual contracts are recognised in the balance sheet under either receivables or payables depending on the net value of the selling price less progress billings and prepayments.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments, assets

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

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

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

applied to determine the tax value, deferred tax is measured based on Management's planned use of the asset or the settlement of the liability, respectively.

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

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

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

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Cash flow statement

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

Cash flow related to acquisitions and disposals of businesses are presented separately in cash flows from investing activities. Cash flows from acquisitions of businesses are recognised up until the date of acquisition, and disposals of businesses are recognised up until the date of disposal.

In accordance with section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the parent company as the Company's cash flow statement is included in the consolidated cash flow statement.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of acquisitions and disposals of non-current assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash less short-term marketable securities which are freely negotiable into cash and which are subject to an insignificant risk of changes in value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Solvency ratio $$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$$

Return on equity $$\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$$

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

		Consolidated		Parent company	
	DKK'000	2015	2014	2015	2014
2	**Staff costs and incentive programmes**				
	Wages and salaries	53,940	51,407	52,000	49,750
	Pensions	4,370	5,820	4,268	5,704
	Other social security costs	688	830	404	578
	Other staff costs	410	859	398	642
		59,408	58,916	57,070	56,674
	Average number of full-time employees	100	104	98	102

Consolidated

Remuneration of the consolidated Executive Board and the Board of Directors amounts to DKK 1,205 thousand (2014: DKK 4,637 thousand). During 2015 there has only been one person in the company's Executive Board.

Parent company

Remuneration of the parent company Executive Board and the Board of Directors amounts to DKK 1,205 thousand (2014: DKK 4,637 thousand). During 2015 there has only been one person in the company's Executive Board.

Incentive programmes

Remuneration of the management group is partial by results.

		Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
3	**Tax on profit for the year**				
	Adjustment of deferred tax	-1,781	-475	-1,805	-450
	Adjustments to previous year	574	0	574	0
	Current tax for the year	3,074	3,994	3,075	3,957
		1,867	3,519	1,844	3,507

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

4 Intangible assets

DKK'000	Consolidated Patents and licences	Total
Cost at 1 January 2015	5,695	5,695
Additions	2,875	2,875
Cost at 31 December 2015	8,570	8,570
Impairment losses and amortisation at 1 January 2015	3,777	3,777
Amortisation	688	688
Impairment losses and amortisation at 31 December 2015	4,465	4,465
Carrying amount at 31 December 2015	4,105	4,105

DKK'000	Parent Company Patents and licences	Total
Cost at 1 January 2015	5,695	5,695
Additions	2,875	2,875
Cost at 31 December 2015	8,570	8,570
Impairment losses and amortisation at 1 January 2015	3,777	3,777
Amortisation	688	688
Impairment losses and amortisation at 31 December 2015	4,465	4,465
Carrying amount at 31 December 2015	4,105	4,105

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

5 Property, plant and equipment

DKK'000	Consolidated Fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
Cost at 1 January 2015	34,130	5,067	39,197
Additions	13,551	1,150	14,701
Disposals	-1,351	0	-1,351
Cost at 31 December 2015	46,330	6,217	52,547
Impairment losses and depreciation at 1 January 2015	18,221	3,015	21,236
Depreciation	5,540	644	6,184
Disposals	-975	0	-975
Impairment losses and depreciation at 31 December 2015	22,786	3,659	26,445
Carrying amount at 31 December 2015	23,544	2,558	26,102
Property, plant and equipment include finance leases with a carrying amount totaling	988	0	988

DKK'000	Parent Company Fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
Cost at 1 January 2015	34,073	5,067	39,140
Additions	13,551	1,150	14,701
Disposals	-1,351	0	-1,351
Cost at 31 December 2015	46,273	6,217	52,490
Impairment losses and depreciation at 1 January 2015	18,194	3,015	21,209
Depreciation	5,526	644	6,170
Disposals	-975	0	-975
Impairment losses and depreciation at 31 December 2015	22,745	3,659	26,404
Carrying amount at 31 December 2015	23,528	2,558	26,086
Property, plant and equipment include finance leases with a carrying amount totalling	988	0	988

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Parent company 2015	Parent company 2014
6 Investments in subsidiaries		
Cost at 1 January	230	1
Additions	0	229
Cost at 31 December	230	230
Value adjustments at 1 January	471	361
Foreign currency translation adjustments	12	28
Profit for the year	78	81
Opening adjustments	0	0
Value adjustments at 31 December	561	470
Carrying amount at 31 December	791	700

Name and registered office	Voting rights and ownership
SubC Partner UK Ltd, England	100 %
SubC Deutschland GmbH, Germany	100 %
SubC Partner Norge AS, Norway	100 %

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
7 Contract work in progress				
Selling price of work performed	37,212	56,635	37,212	56,635
Progress billings	-31,752	-39,412	-31,752	-39,412
	5,460	17,223	5,460	17,223
recognised as follows:				
Contract work in progress (assets)	5,586	17,477	5,586	17,477
Prepayments from customers (liabilities)	-126	-254	-126	-254
	5,460	17,223	5,460	17,223

8 Share capital

The share capital comprises 500,000 shares of DKK 1 each. All shares rank equally.

The recent 5-year changes of the share capital specified as follows:

	Consolidated				
DKK'000	2015	2014	2013	2012	2011
Share capital 1 January	500	500	255	125	125
Capital increase	0	0	245	130	0
Share capital 31 December 2015	500	500	500	255	125

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
9 Deferred tax				
Deferred tax at 1 January	4,062	4,538	4,087	4,538
Deferred tax on profit for the year	-1,781	-476	-1,805	-451
Deferred tax at 31 December	2,281	4,062	2,282	4,087

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

10 Non-current liabilities

DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
Total bank loans, etc.	0	190	0	190
Thereof falling due within one year	0	-70	0	-70
	0	120	0	120
Non-current liabilities other than provisions falling due more than five years after the balance sheet date (carrying amount)	0	0	0	0

11 Lease liabilities

Consolidated financial statements

Lease liabilities totaled DKK 537 thousand at the end of 2015, of which DKK 228 thousand is due for payment within one year. Payables after five years amount to DKK 0 thousand.

Parent company

Lease liabilities totaled DKK 537 thousand at the end of 2015, of which DKK 228 thousand is due for payment within one year. Payables after five years amount to DKK 0 thousand.

12 Mortgages and collateral

Consolidated and Parent Company

The Company has provided a company charge of DKK 39,000 thousand as collateral for bank loans, etc. of DKK 22,873 thousand. The company charge comprises unsecured claims, inventories, property, plant and equipment and intangible assets.

Fixtures and fittings, other plant and equipment with a carrying amount of DKK 988 thousand at 31 December 2015, see note 5, have been financed by finance leases, representing DKK 537 thousand at 31 December 2015.

The Company has provided bank guarantees of DKK 1,050 thousand, which are secured by bank deposits.

13 Contractual obligations and contingencies, etc.

Consolidated

The parent company is jointly taxed with the ultimate parent company. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

The Company has entered into leases with an average annual lease payment of DKK 8,564 thousand with periods of notice of 1-57 months.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

Parent Company

The parent company is jointly taxed with the ultimate parent company. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

The Company has entered into leases with an average annual lease payment of DKK 8,472 thousand with periods of notice of 1-57 months.

14 Related party disclosures

SubCPartner A/S' related parties comprise the following:

Parties exercising control

SubCPartner Holding ApS, Kogade 1A, 6700 Esbjerg, Denmark
LDETRE Holding 14 ApS, Gammeltorv 18, 1457 København K, Denmark

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5 % of the voting rights or minimum 5 % of the share capital:

SubCPartner Holding ApS
LDETRE Holding 14 ApS

SubCpartner A/S is included in the consolidated financial statements of LDETRE Holding 14 ApS, Gammeltorv 18, 1457 København K, Denmark.

The consolidated financial statements are obtainable from the homepage of the Danish Business Authority.

15 Subscription right warrants

The Company has issued warrants, which enables the owner right to subscribe shares amounting to nom. 39,380 DKK in the company until 13 June 2019. The subscription price will be set at fair value at the time of date of issue.