K III Denmark K/S

c/o Private Equity Administrators ApS

Gydevang 39-41, 3450 Allerød

CVR no. 32 07 44 72

Annual report 2018

Approved at the Company's annual general meeting on / 2019

Chairman:

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Building a better working world

Contents

Statement by the Board of Directors

The Board of Directors has today discussed and approved the annual report of K III Denmark K/S for the financial year 1 January - 31 December 2018.

The annual report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements in the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2018.

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

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

Copenhagen, 25 June 2019
Board of Directors:

Hans Eric Karlander	Peter Toyberg

Independent auditor's report

To the partners of K III Denmark K/S

Opinion

We have audited the financial statements of K III Denmark K/S for the financial year 1 January – 31 December 2018, which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flow and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

Management's responsibilities for the financial statements

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

Independent auditor's report

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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.

Copenhagen, 25 June 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Christian Schwenn Johansen
State Authorised
Public Accountant
mne33234

Rasmus Bloch Jespersen
State Authorised
Public Accountant
mne35503

Management's review

Company details

Name	K III Denmark K/S
Address, zip code, city	c/o Private Equity Administrators ApS, Gydevang 39-41, 3450 Allerød
CVR no.	32 07 44 72
Registered office	Allerød, Denmark
Financial year	1 January – 31 December
Limited partners	European Investment Fund Finnish Industry Investment Ltd Nordea Bank Denmark A/S KGJ Partnership AS HAKA Norway AS PARI Norway AS
General partner	Karnell ApS
Board of Directors	Hans Eric Karlander Peter Toyberg
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
Bank	Nordea Danmark

Management's review

Principal activities of the Company

The Company's objective is – directly or indirectly – to make investments and carry on related activities.

Operational and financial review

The statement of comprehensive income for 2018 showed a loss for the year of EUR 827,743 against a profit of EUR 3,176,350 last year, and the statement of financial position 2018 showed equity of EUR 11,074,572 at 31 December 2018.

In 2018, the Company divested its investment in Wermland Mechanics at a value corresponding to the valuation of the investment at 31 December 2017. Thus, the current year's loss was not impacted by the divestment.

Investments

K III Denmark K/S invests in private equity companies, which are not quoted in an active market.

The investment period is over and during 2018, the focus has been on the existing portfolio. Performance is affected by internal operational performance and the external market environment. The Company's focus is on developing the portfolio to be efficient and adaptive in an everchanging landscape. The Company supports the portfolio financially from time to time with further investments, but all potential investments are carefully reviewed from an industrial and financial perspective on an individual basis.

During 2018, the Company had the following investments:

Kasthall Group AB

Kasthall is a designer and manufacturer of contemporary high-end carpets and rugs. The product range includes woven rugs, handtufted rugs, wall to wall carpets and wooden floors. The woven and tufted rugs are produced in the company's own factory, which since the company's inception is located in Kinna, in western Sweden. The production is industrial, with a strong touch of handcraft and care. Kasthall's largest market is Sweden, but the company is also targeting Western Europe and the US. Subsidiaries are established in Italy and the US.

Nordic Vehicle AB

Nordic Vehicle converts standard chassis into customized vehicles for passengers, cargo and emergency situations. End products include light trucks with cabinets, transportation vehicles for old/disabled, emergency vehicles such as ambulances and special police cars, etc. Nordic Vehicle is the largest vehicle converter in the Nordic region. The company has about 140 employees with two production sites in the Southern part of Sweden.

Silva Group AB

Silva develops, manufactures and markets outdoor and sports equipment. The company has a long heritage starting from the invention of liquid filled compasses in the 1930s and the brand is very well known in the Nordics. The product assortment includes compasses, headlamps, pedometers and other sport/outdoor accessories. HQ is located in Bromma (Sweden), subsidiary in the UK, and production in China.

Wermland Mechanics Group AB

Wermland Mechanics is a Swedish contract manufacturer. Wermland Mechanics manufactures sheet metal parts and provides assembly services for large customers, primarily in the Nordic region. Wermland Mechanics' production process is highly automated, well-invested and operating under a “lean production” concept. The Company's investment in Wermland Mechanics has been divested during the financial year 2018.

Management's review

Recognition and measurement uncertainties

The Company's investments in private equity companies are measured at fair value.

The fair value of investments are determined using commonly applied valuation techniques, and are based on the IPEV (International Private Equity and Venture Capital) valuation guidelines according to which Management applies EBITA multiple, Discounted Cash Flow (DCF) and Net Asset valuation methods. The respective valuation methods are based on a number for assumptions regarding unobservable input and future events for which historical data is scarce as a result of which the measurement is subject to inherent uncertainties.

Further reference is made to note 7 Investments in subsidiaries and note 9 Fair value of assets and liabilities in the financial statements.

Events after the financial year end

In March 2019, a decision has been taken by a unanimous Advisory Council to extend the fund with one year until 6 March 2020.

After the balance sheet date, the Company has received EUR 948 thousand in an earn-out payment relating to the divestment of Wermland Mechanics and thereby settled its receivable from sale of subsidiaries at 31 December 2018.

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

Financial statements 1 January – 31 December

Statement of comprehensive income

Note	EUR	2018	2017
	Other external costs	-144,287	-213,305
	Gross profit/loss	-144,287	-213,305
4	Net gain or loss on financial assets	-888,584	2,955,243
	Operating profit/loss	-1,032,871	2,741,938
5	Financial income	216,517	435,143
6	Financial expenses	-11,389	-731
	Profit/loss for the year	-827,743	3,176,350
	Other comprehensive income	0	0
	Total comprehensive income for the year	-827,743	3,176,350
	Attributable to the partners of K III Denmark K/S	-827,743	3,176,350

Financial statements 1 January – 31 December

Statement of financial position

Note	EUR	2018	2017
	ASSETS		
	Non-current assets		
	Financial assets		
7+8	Investments in subsidiaries	1,212,719	10,730,710
	Receivables from subsidiaries	8,470,279	6,868,446
	Total non-current assets	9,682,998	17,599,156
	Current assets		
	Receivables		
	Receivables from sale of subsidiaries	947,692	0
	Other receivables	3,246	3,246
		950,938	3,246
	Cash in bank	639,868	809,314
	Total current assets	1,590,806	812,560
	TOTAL ASSETS	11,273,804	18,411,716
	EQUITY AND LIABILITIES		
	Equity		
10	Limited partnership capital	34,453,899	32,372,289
	Retained earnings	-23,379,327	-14,070,326
	Total equity	11,074,572	18,301,963
	Current liabilities		
	Trade and other payables	199,232	109,753
	Total liabilities	199,232	109,753
	TOTAL EQUITY AND LIABILITIES	11,273,804	18,411,716

Financial statements 1 January – 31 December

Statement of changes in equity

EUR	Limited partnership capital	Retained earnings	Total
Equity at 1 January 2017	32,176,195	-17,246,676	14,929,519
Drawdown of commitment	196,094	-	196,094
Comprehensive income			
Profit/loss for the year	0	3,176,350	3,176,350
Other comprehensive income	0	0	0
Total comprehensive income	0	3,176,350	3,176,350
Equity at 31 December 2017	32,372,289	-14,070,326	18,301,963
Equity at 1 January 2018	32,372,289	-14,070,326	18,301,963
Drawdown of commitment	2,081,610		2,081,610
Distributions		-8,481,258	-8,481,258
Comprehensive income			
Profit/loss for the year	0	-827,743	-827,743
Other comprehensive income	0	0	0
Total comprehensive income	0	-827,743	-827,743
Equity at 31 December 2018	34,453,899	-23,379,327	11,074,572

Financial statements 1 January – 31 December

Statement of cash flow

Note	EUR	2018	2017
	Profit/loss for the year	-827,743	3,176,350
	Adjustments to reconcile profit/loss for the year to net cash flows:		
	Fair value adjustment of investments assets	826,402	-1,931,227
4	Impairment of receivables from subsidiaries	0	-1,228,141
4	Dividend income	0	-9,323
	Gain/loss on settlement of receivable	62,182	213,498
5	Financial income	-216,517	-435,143
6	Financial expenses	11,389	731
	Changes in working capital		
	Changes in receivables	0	3,911
	Change in accounts payables	89,479	51,104
	Other changes in working capital	0	-4,863
		-54,808	-163,103
6	Interest paid	-11,389	-731
	Cash flows from operating activities	-66,197	-163,834
7	Investments in subsidiaries	-28,680	-15,572
	Proceeds from sale of investments	7,677,048	0
	Proceeds from settlement of receivable	0	654,228
	Dividends received	0	9,323
	Proceeds from dissolved subsidiaries	96,131	0
	Receivables from subsidiaries	-1,448,100	60,353
	Cash flows from investing activities	6,296,399	708,332
	Paid in capital	2,081,610	196,094
	Distribution of proceeds	-8,481,258	0
	Cash flows from financing activities	-6,399,649	196,094
	Net cash flows from operating, investing and financing activities	-169,446	740,592
	Cash in banks at 1 January	809,314	68,722
	Cash in banks at 31 December	639,868	809,314

Financial statements 1 January – 31 December

Note summary

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Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies

Corporate information

The financial statements of K III Denmark K/S for the financial year 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 25 June 2019. K III Denmark K/S is a limited liability partnership incorporated and domiciled in Denmark and whose shares are privately held. The Company is governed by its Limited Partnership Agreement and Articles of Associations. The registered office is located at c/o Private Administrators ApS, Gydevang 39-41, 3450 Allerød, Denmark.

The Company's investment policy details its objective to make controlling equity investments and equity-related investments in the Nordic region.

Basis of preparations

The financial statements of K III Denmark K/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish requirements for reporting class B enterprises. All approved, mandatory standards and bases for conclusion, having become effective at 31 December 2018, have been applied in the financial year.

Exception to the consolidation rule

These financial statements are separate financial statements. K III Denmark K/S meets the definition of an investment entity required to measure all of its subsidiaries at fair value through profit or loss. Accordingly, the Company is subject to the exemption to the consolidation rule and hence exempted from consolidating its subsidiaries and from preparing consolidated financial statements.

Changes in accounting policies and disclosures

New and amended standards and interpretations

The Company applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018. The nature and the impact of each new standard and amendment is described below:

IFRS 9 Financial Instruments

The Company adopted IFRS 9 Financial Instruments on its effective date of 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 January 2018, the date of initial application.

(a) Classification and measurement

The Company has assessed the classification of financial instruments at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Investments in subsidiaries are measured at fair value in accordance with IFRS 10 and as the Company is an investment entity.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments *continue to be measured at amortised cost under IFRS 9.*
- The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39. The main impact on measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. IFRS 9 requires that such element be recognised in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Company has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the Company.
- Impairment: IFRS 9 requires the Company to record ECLs on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. Given the limited exposure of the Company to credit risk, this amendment has not had a material impact on the financial statements. The Company only holds trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and therefore has adopted an approach similar to the simplified approach to ECLs.
- Hedge accounting: The Company has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9.

Impact of adoption of IFRS 9

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018, however, the Company has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Company's financial assets and financial liabilities at 1 January 2018.

1 January 2018	IAS 39 classification	IAS 39 Measurement, EUR	IFRS 9 classification	IFRS 9 Measurement, EUR
Investment in subsidiaries	Designated at FVPL	10,730,710	FVPL	10,730,710
Receivables from subsidiaries	Loans and receivables	6,868,446	FVPL	6,868,446
Trade and other receivables	Loans and receivables	3,246	Amortised cost	3,246
Cash and cash equivalents	Loans and receivables	809,314	Amortised cost	809,314
Trade and other payables	Other financial liabilities	109,753	Amortised cost	109,753

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

In line with the characteristics of the Company's financial instruments as well as its approach to their management, the Company neither revoked nor made any new designations on the date of initial application. IFRS 9 has not resulted in changes in the carrying amount of the Company's financial instruments due to changes in measurement categories. The carrying amounts of amortised cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to IFRS 9.

IFRS 15 Revenue from contracts with customers

The Company adopted IFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting IFRS 15 for the Company.

Standards issued but not yet effective

The IASB has issued a number of new or amended standards and interpretations that are not mandatory for the financial statements for 2018, some of which have not yet been endorsed by the EU. K III Denmark K/S expects to adopt the standards and interpretations when they become mandatory.

- IFRS 16 “Leases” with effective date 1 January 2019.

The Company has assessed the impact of IFRS 16 and expects that it will not have any significant impact on the financial statements.

Foreign currency

The Company's functional currency is EUR because this is the currency that best reflects the economic substance of the underlying events and circumstances for the Company.

The Company's financial statements are presented in EUR.

Transactions and balances

Transactions denominated in foreign currencies are translated into EUR at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into EUR at the exchange rate at the date of the financial year end. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Statement of comprehensive income

Other external expenses

Other external expenses include the year's expenses, including expenses relating to management fees, investment advisor fees, administration, accounting, etc.

Net gain or loss on financial assets at fair value through profit or loss

This item includes changes in the fair value of financial assets designated upon initial recognition at fair value through profit or loss and excludes interest and dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and reversal of previous period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified at fair value through profit or loss are calculated using the first-in, first-out (FIFO) method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Dividend income

Dividend income is recognised on the date on which the Company's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding taxes.

Financial income

Interest income for all interest-bearing financial instruments is included on an accrual basis using the effective interest method. When there is reasonable doubt that due financial income will actually be received, such income is accrued until it is clear that its receipt is probable.

Financial expenses

Financial expenses are recognised in the statement of comprehensive income using the effective interest rate method.

Income tax

The financial statements do not include tax because the individual limited partners take their profits and/or losses from the company into their own respective taxable income statement.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Statement of financial position

Financial instruments

In the current period the Company has adopted IFRS 9 Financial Instruments. Comparative figures for the year ended 31 December 2017 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Classification - Policy effective from 1 January 2018 (IFRS 9)

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables including loans to subsidiaries, other receivables and cash.

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

The Company includes in this category:

- Investments in subsidiaries: in accordance with the exception under IFRS 10, the Company does not consolidate subsidiaries in the financial statements unless the subsidiary is not itself an investment entity and its main purpose and activities are providing services that relate to the Company's investment activities. The Company has no consolidated subsidiaries. The Company measures unconsolidated subsidiaries (including loans to subsidiaries) at FVPL.

Financial liabilities

Financial liabilities measured at fair value through profit or loss (FVPL)

A financial liability is measured at FVPL if it meets the definition of held for trading. The company does not have financial liabilities measured at fair value through profit or loss.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category account payables and other short-term payables.

Financial instruments designated as fair value through profit or loss upon initial recognition

(i) Classification - Policy effective before 1 January 2018 (IAS 39)

The Company classifies its investments in subsidiaries as financial assets at fair value through profit or loss. These financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets which is managed and performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company.

- Investment in subsidiaries: In accordance with the exception under IFRS 10 Consolidated Financial Statements, the Company does not consolidate subsidiaries in the financial statements. Investments in subsidiaries are accounted for as financial instruments at fair value through profit or loss.

(ii) Recognition

The Company recognises a financial asset when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets are recognised on the trade date, i.e., the date at which the Company commits to purchase or sell the asset.

(iii) Initial measurement

Financial assets are recognised at fair value through profit or loss in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

For financial assets where the fair value at initial recognition does not equal the transaction price, the Company recognises the difference in the statement of comprehensive income, unless specified otherwise.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

(iv) Subsequent measurement

After initial measurement, the Company measures financial instruments, which are classified at fair value through profit or loss, at fair value. Subsequent changes in the fair value of those financial instruments are recognised in net gain or loss on financial assets at fair value through profit or loss.

Interest income and dividend income earned on these instruments are recorded in 'finance income' and 'net gain or loss on financial assets', respectively.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- the Company has substantially transferred all the risks and rewards of the asset , or
- the Company has neither substantially transferred nor retained all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither substantially transferred nor retained all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Loans and receivables

(i) Classification

The Company classifies unquoted debt as loans and receivables. Loans and receivables are generally accounted for at amortised cost using the effective interest method except where there is deemed to be impairment in value which indicates that a provision should be made.

(ii) Measurement

Loans and receivables are initially measured at their fair value plus any direct attributable incremental cost of acquisition or issue.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial assets or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

(iii) Impairment of financial assets

Policy effective from 1 January 2018 (IFRS 9)

The Company holds only receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Companys approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Policy effective before 1 January 2018 (IAS 39)

At each reporting date, the Company assesses whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as 'impairment of receivable' in 'net gain or loss of financial assets'.

Impaired receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If a previous write-off is later recovered, the recovery is credited to the 'net gain or loss of financial assets'.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Fair value measurement

The Company measures its investments in subsidiaries at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

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1 Accounting policies (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value of financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Company's financial instruments, measured at fair value in the balance sheet, are based on valuation techniques that include material unobservable inputs (level 3).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

Other receivables

Other receivables are initially measured at fair value and subsequently measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by impairment losses.

Cash in banks

Cash in the statement of financial position comprise cash in banks.

Equity

Distribution of proceeds

Distributions to the Company's shareholders are accounted for as a deduction from retained earnings. A final and interim dividend is recognised as a liability in the period in which it is approved by the general meeting of shareholders.

Other liabilities

Other liabilities are on initial recognition measured at the proceeds received net of transaction costs. On subsequent recognition, liabilities are measured at amortised cost corresponding to the nominal unpaid debt.

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Notes to the financial statements

1 Accounting policies (continued)

Cash flows from financing activities comprise dividends paid to shareholders and capital increases and reductions.

Cash and cash equivalents comprise cash and short-term securities in respect of which the risk of changes in value is insignificant.

2 Significant accounting judgements, estimates and assumptions

In preparing the financial statements, Management makes various accounting judgements and estimates and define assumptions, which form the basis of recognition, measurement and presentation of the Company's assets and liabilities.

The estimates and assumptions applied are based on historical experience, the most recent information available at the reporting date, and other factors that Management considers reasonable under the circumstances.

The basis for judgement and information can by nature be inaccurate or incomplete, and the Company is subject to uncertainties, which can result in an actual outcome that deviates from the estimates and defined assumptions. In the future, it may be necessary to change previous estimates and judgements as a result of supplementary information, additional knowledge and experience of subsequent events.

In applying the Company's accounting policies described in note 1, Management has exercised the following critical accounting judgements and estimates, which significantly influence on the amounts recognised in the financial statements:

Assessment as an investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather being consolidated. The criteria which define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services
- An entity that commits to its investors that its business purpose is to invest solely for the returns from capital appreciation, investment income or both
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company's investment policy details its objective to make controlling equity investments and equity-related investments in the Nordic region.

The Company reports to its investors via quarterly investor information and to Management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Company's financial statements.

The Board of Directors has also concluded that the Company meets the additional characteristics of an investment entity, in that it has more than one investment; the investment is predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties.

The Board of Directors has concluded that the Company meets the characteristics of an investment entity. These conclusions will be reassessed on an annual basis, if any of these characteristic changes.

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Notes to the financial statements

2 Significant accounting judgements, estimates and assumptions (continued)

Fair value of investments at fair value through profit and loss

The Company's investments in subsidiaries and receivables from subsidiaries are classified as fair value through profit and loss and valued accordingly as disclosed in note 1 – accounting policies.

The key source of estimation uncertainty is on the valuation of unquoted equity investments. In reaching its valuation of the unquoted equities, the key judgements which the Board of Directors must make relate to the selection of the multiples and the discount factors used in the valuation models as well as estimations over forecasted earnings of the respective investments.

Reference is made to note 9.

Loans and receivables

Certain investments are classified as loans and receivables, and valued accordingly, as disclosed in note 1 – accounting policies. The key estimations which the Board of Directors must make relate to the impairment review.

Reference is made to note 9 and note 11.

3 Events after the financial year-end

In March 2019, a decision has been taken by a unanimous Advisory Council to extend the fund with one year until 6 March 2020.

After the balance sheet date, the Company has received EUR 948 thousand in an earn-out payment relating to the divestment of Wermland Mechanics.

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

4 Net gain or loss on financial assets at fair value through profit or loss

EUR	2018			2017		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Investments in subsidiaries	196,897	-1,023,299	-826,402	0	1,931,277	1,931,277
	196,897	-1,023,299	-826,402	0	1,931,277	1,931,277
Loans and receivables						
Impairment and reversal of impairment of receivables from subsidiaries	0	0	0	0	1,228,141	1,228,141
Gain/loss on settlement of receivables	-62,182	0	-62,182	-213,498	0	-213,498
	-62,182	0	-62,182	-213,498	1,228,141	1,014,643
Dividends from investments						
Investments in subsidiaries	0	0	0	0	9,323	9,323
	0	0	0	0	9,323	9,323
	134,715	-1,023,299	-888,584	-213,498	3,168,741	2,955,243

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	EUR	2018	2017
5	Financial income		
	Interest receivables, subsidiaries	215,912	429,162
	Other financial income	605	5,981
		216,517	435,143
6	Financial expenses		
	Other financial expenses	11,389	731
		11,389	731

7 Investments in and receivables from subsidiaries

EUR	2018 Investments	2018 Receivables	2017 Investments	2017 Receivables
Cost at 1 January	7,163,514	7,915,350	7,140,521	8,398,472
Adjustment, prior year	-	-	12,374	-
Additions in the year	28,680	1,664,015	15,572	171,106
Disposals in the year	-2,291,321	-	-4,953	-654,228
Cost at 31 December	4,900,874	9,579,365	7,163,514	7,315,350
Fair value adjustment at 1 January	3,567,196	-1,046,904	1,635,967	-2,275,045
Disposals	-6,232,050	-	-	-
Fair value adjustment	-1,023,299	-62,182	1,931,229	1,228,141
Fair value adjustment at 31 December	-3,688,154	-1,109,086	3,567,196	-1,046,904
Carrying amount at 31 December	1,212,719	8,470,279	10,730,710	6,868,446

Summary of unconsolidated subsidiaries

Name and registered office	Legal form	Domicile	Pct. ownership rights, 2018	Pct. ownership rights, 2017
Kasthall Group AB	AB	Sweden	62	63.38
Kasthall Mattor och Golv AB	AB	Sweden	62	63.38
Kasthall Srl	Srl	Italy	62	56.93
Kasthall USA Inc	Inc	USA	62	63.53
Silva Group AB	AB	Sweden	64	60. 53
Silva Sweden AB	AB	Sweden	64	60. 53
Sliva Limited	Limited	UK	64	60. 53
Silva Far East Limited	Limited	China	64	60. 53
Silva Shenzen	Limited	China	64	60. 53
Nordic Vehicle AB	AB	Sweden	56	55.60
Nordic Vehicle Conversion AB	AB	Sweden	56	55.60
Ydre Skåp Fastighet AB	AB	Sweden	56	55.60
Wermland Mechanics Group AB	AB	Sweden	0	54.28
Wermland Mechanics Töcksfors AB	AB	Sweden	0	54.28
Wermland Mechanics Svanskog AB	AB	Sweden	0	54.28

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Notes to the financial statements

7 Investments in subsidiaries (continued)

Restrictions

The Company receives income in the form of dividends and interest from its investments in unconsolidated subsidiaries. For subsidiaries with senior debt, approval is needed from the respective credit institutions providing this debt to pay out dividends. There are no other significant restrictions on the transfer of funds from these subsidiaries to the Company.

8 Financial assets and financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss

EUR	2018	2017
Investment in subsidiaries	1,212,719	10,730,710
Receivables from subsidiaries	8,470,279	6,868,446
Total financial assets designated at fair value through profit or loss	9,682,998	17,599,156

9 Fair value of assets and liabilities

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Recurring fair value measurement of assets and liabilities

Financial assets, EUR	Level 1	Level 2	Level 3	2018 Total
Investments in subsidiaries	-	-	1,212,719	1,212,719
Receivables from subsidiaries	-	-	8,470,279	8,470,279
	-	-	9,682,998	9,682,998

Financial assets, EUR	Level 1	Level 2	Level 3	2017 Total
Investments in subsidiaries	-	-	10,730,710	10,730,710
Receivables from subsidiaries	-	-	6,868,446	6,868,446
	-	-	17,599,156	17,599,156

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9 Fair value of assets and liabilities (continued)

Valuation techniques for Unlisted equity investments

The Company invests in private equity companies which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Company uses market-based and income-based valuation techniques for these positions. The Company considers the valuation techniques and inputs used in valuing investments to ensure they are reasonable and appropriate. The Company classifies the fair value of these investments as Level 3.

The Company's determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified.

When a valuation based on trading multiples deviates too far from a reasonable market value, the investment manager may choose to use a different valuation method.

Valuation process for Level 3 valuations

The fair value of investments is determined using commonly applied valuation techniques, and is based on the IPEV (International Private Equity and Venture Capital) valuation guidelines according to which Management applies the EBITA multiple, Discounted Cash Flow, and Net Asset Valuation approach as applicable.

- The EBITA multiple valuation method is based on a number of assumption regarding future events for which historical data is scarce as a result of which the measurement is subject to inherent uncertainties. EBITA used for valuation by applying a determined average of a “12-month rolling” EBITA and forecasted EBITA for the respective investments. Management's assessment of applied multiples is based on input from peer analysis, traded peers, comparable transactions and historical transactions.
- Under the Discounted Cash flow valuation method, the fair value of an investment is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the investments, including estimated income and an exit of terminal value. This involves projection of a series of cash flows to which an appropriate, market-derived discount rate is applied to establish the present value of the income stream.
- Under the net asset valuation technique, the fair value is derived by reference to the value of the net assets of the investment (on a fair value basis). This valuation approach is appropriate for valuating investments in loss-making companies and companies making only marginal level of profits and companies that are not making adequate return on assets and for which a greater value can be realized by liquidating the business and selling its assets.

The valuation of the Company's unlisted investments is performed on a quarterly basis by the investment manager and reviewed by the Board of Directors. On a quarterly basis, the investment manager will review equity valuations and inputs for significant changes.

The valuation manager verifies the major inputs applied in the latest valuation by aligning the information in the valuation computation to relevant documents and market information. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations in the four preceding quarters as well as with the valuations of the two preceding annual periods. If fair value changes (positive or negative) are more than certain thresholds set, the changes are further considered by the valuation manager and the Board of Directors.

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Notes to the financial statements

9 Fair value of assets and liabilities (continued)

On a quarterly basis, the valuation manager presents the valuation results to the Board of Directors. This includes a discussion of the major assumptions used in the valuations, with an emphasis on the more significant investments and investments with fair value changes outside of the relevant thresholds. The Board of Directors considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods are applied to support the valuation arising from the method chosen.

Changes in valuation techniques

The fair values of the Company's investments were previously solely determined based on EBITA multiples. The Company believes, considering respective investments, that the Discounted Cash Flow approach and the Net Asset Valuation approach provides more accurate for the determination of the fair value of the respective investments, and on this basis, decided to change the valuation methods applied in 2018.

Material unobservable inputs for Level 3 hierarchy

Financial instruments measured at fair value in the balance sheet are based on valuation techniques that include material unobservable inputs. Management believes that the multiples applied are on level with the market for comparable businesses.

	2018			2017		
Description	Valuation technique	Unobservable input	Range	Valuation technique	Unobservable input	Range
Kasthall AB	Adjusted Net Asset Value	Financial statements	-	EBITDA multiple	Average EBITA multiple of peer	6.5-8.0
Silva AB	DCF	WACC Budget growth rate Terminal growth rate	14 % 7 % 2 %	EBITDA multiple	Average EBITA multiple of peer	6.5-8.0
Nordic Vehicle AB	Adjusted Net Asset Value	Financial statements	-	EBITDA multiple	Average EBITA multiple of peer	6.5-8.0
Vermland Mechanicas AB	-	-	-	Observable prices	Share purchase agreement	-

The significant analysis to significant changes in unobservable inputs within Level 3 hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are as shown below:

EUR	2018	2017
1 percent-point change in average multiple	-	98,000
1 percent-point change in WACC	449,000	-
1 percent-point change in terminal growth rate	309,000	-

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9 Fair value of assets and liabilities (continued)

Significant increase (decrease) in the average multiples would result in a significantly higher (lower) fair value measurement. Significant increase (decrease) in the WACC for comparable companies in isolation would result in a significantly lower (higher) fair value measurement. Significant increase (decrease) in the growth rate would result in a significantly higher (lower) fair value measurement.

10 Limited partnership capital

The Company's capital is represented by these interests:

EUR	2018	2017
16,000 authorised and issued class A partnership interests of EUR 1,00 each, of which 16,000 was fully paid on 31 December	16,000	16,000
43,984,000 authorised and issued class B partnership interests of EUR 1,00 each	43,984,000	43,984,000
	44,000,000	44,000,000
Limited partnership capital called at 31 December	34,453,899	32,372,289
Limited partnership capital uncalled at 31 December	9,546,101	11,627,711
	44,000,000	44,000,000

Preferences of the A and B Shares

The A and B partnership interest is owned by the general partner and the limited partners, respectively.

The general partner assumes unlimited liability for all obligations of the Company. The liability of a limited partner is limited to the limited partner's share of the Company's capital.

The limited partners and the general partner are entitled to a share of all distributions from the Company, including distributions in case of liquidation of the Company in accordance with directions set forth in the Company's articles of association. As such, all proceeds shall be allocated to the partners as follows:

Firstly, 100% to the Limited Partners holding B Partnership Interests pro rata to their Commitment until: (a) the Limited Partners holding B Partnership Interests have received an amount equal to 100% of the Commitment Drawn Down; (b) the Limited Partners holding B Partnership Interests have received an amount equal to the Preferred Return on the item in (a)

Secondly, of any amounts remaining for allocation, only in any allocation performed in connection with a liquidation of the Partnership, 100% to the General Partner holding A Partnership Interests until it has received an amount equal to its Commitment of EUR 16,000.

Thirdly, of any amounts remaining for allocation, 80% to the Limited Partners holding B Partnership Interests and 20% to the General Partner holding A Partnership Interests until the Limited Partners holding B Partnership Interests have in aggregate received an amount equal to the Extraordinary Return.

Fourthly of any amounts remaining for allocation, 75% to the Limited Partners holding B Partnership Interests and 25%to the General Partner holding A Partnership Interests.

Any other distributions shall be distributed to the Limited Partners holding B Partnership Interests pro rata to their respective Commitment.

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Notes to the financial statements

10 Limited partnership capital (continued)

Capital management

Because of the ability to ‘call cash’ and draw from the commitments of its investors, the capital of the Company can vary from year to year. The Company is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Company's articles of associations.

The Company's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in the Company's limited partnership agreement
- To achieve consistent returns while safeguarding capital by investing in diversified portfolio
- To maintain sufficient liquidity to meet the expenses of the Company
- The Company monitors capital on a monthly basis.

11 Financial risks

The Group's financial risks are managed by the Board of Directors. The Company has identified financial risks, but follows a policy, where Management continually monitors the following defined risks: liquidity risk, interest rate risk, credit risk.

Liquidity risk

The Company's capital resources comprise receivables with investments in subsidiaries and cash placed in short-term deposit accounts.

The Company's liquidity risk is limited to the special case, where the limited partners (LP) are not able to pay the cash calls sent out by the Company. This risk is deemed to be very limited as the LPs all are expected to have the necessary capital and liquidity. Further, reference is made to note 10 – Limited partnership capital.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

EUR	Falling due within 1 year	Falling due between 1-5 years	Falling due after 5 years	Total	Carrying amount
2018					
Financial liabilities measured at amortised cost					
Trade and other payables	199,232	0	0	199,232	199,232
	199,232	0	0	199,232	199,232
2017					
Financial liabilities measured at amortised cost					
Trade and other payables	109,753	0	0	109,753	109,753
	109,753	0	0	109,753	109,753

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11 Financial risks (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The majority of interest rate exposure arises on the Company's investments in receivables from subsidiaries. Most of the Company's investments in receivables from subsidiaries carry fixed interest rates and mature within five years.

The following table analyses the Company's interest rate risk exposure. The Company's assets are included at amortised cost:

EUR	0-1 year	1-5 years	Total
2018			
Variable rate assets			
Receivables from sale of subsidiaries	947,692	0	947,692
Other receivables	3,246	0	3,246
Cash	639,868	0	639,868
Total interest bearing assets	1,590,806	0	1,590,806
2017			
Variable rate assets			
Other receivables	3,246		3,246
Cash	809,560	0	809,560
Total interest bearing assets	812,806	0	812,806

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations.

At each reporting date, an impairment analysis is performed on an individual basis for the Company's subsidiaries. The Company accounted for an impairment loss of receivables from subsidiaries of EUR 62,182 and EUR 0 in 2018 and 2017, respectively.

The carrying value of receivables from subsidiaries, other receivables and cash and cash equivalents, as disclosed in the statement of financial position represents the maximum credit exposure, hence, no separate disclosure is provided.

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12 Related party disclosures

The following parties are considered related parties of the Company:

General Partner – Karnell ApS

Karnell ApS operates as K III Denmark K/S general partner and is compensated with a service fee. Total service fee amounted to EUR 7,500 and EUR 10,000 for 2018 and 2017, respectively.

Mangement fee – KIII Sweden AB

KIII Sweden AB is entitled to receive a management fee for its respective services in terms of the management agreement entered into between the parties. Total management fee amounted to EUR 131,631 and EUR 186,094 for 2018 and 2017, respectively.

Board of Directors

The Board of Directors is not remunerated by the Company, but indirectly remunerated via the Company's management fee to K III Sweden AB.

Subsidiaries

Below, the transactions and balances with the Company's subsidiaries are specified:

EUR	2018	2017
Loan and accumulated receivable interest to subsidiaries		
Kasthall Group AB, this loan bears interest of 7%	1,504,624	765,427
Silva Group AB, this revolving loan bears interest of 7%	4,216,426	3,353,793
Nordic Vehicle AB, this loan bears interest of 7%	3,858,312	3,796,130
Interest income from subsidiaries		
Kasthall Group AB	82,704	45,518
Silva Group AB	71,026	190,261
Nordic Vehicle AB	62,182	146,472
Wermland Mechanics Group AB	0	43,909