

Sky-Watch A/S

Østre Alle 6, 9530 Støvring

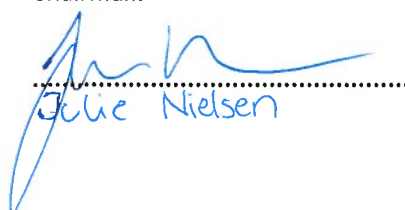
CVR no. 32 65 38 47



Annual report 2015

Approved at the annual general meeting of shareholders on 17 March 2016

Chairman:



Julie Nielsen



Building a better
working world



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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 Sky-Watch A/S for the financial year 1 January - 31 December 2015.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend the adoption of the annual report at the annual general meeting.

Stevning, 17 March 2016
Executive Board:

Henrik Bender Bendixen

Board of Directors:

Per-Erik Edvard Svehag
Chairman

Søren Pedersen

Niels Jesper Jespersen
Jensen

Independent auditors' report

To the shareholders of Sky-Watch A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Sky-Watch A/S for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Further, Management is responsible for such internal control as it determines is necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Our audit has not resulted in any qualification.

Opinion

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

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 other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aalborg, 17 March 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28



Allan Terp
state authorised public accountant



Management's review

Company details

Name	Sky-Watch A/S
Address, Postal code, City	Østre Alle 6, 9530 Støvring
CVR No.	32 65 38 47
Established	1 September 2009
Registered office	Aalborg
Financial year	1 January - 31 December
Board of Directors	Per-Erik Edvard Svehag, Chairman Søren Pedersen Niels Jesper Jespersen Jensen
Executive Board	Henrik Bender Bendixen
Auditors	Ernst & Young, Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A, P O Box 710, 9100 Aalborg, Denmark
Bankers	Nordea

Management's review

Operating review

The Company's business review

The purpose of the Company is via its distribution network to develop and commercialize highly specialized drone systems which apply state-of-the art technology within autonomy, combined with data collection, data processing and user friendliness as well as to engage in any other related business which the Board of Directors finds relevant.

In addition to its development department, Sky-Watch A/S has an engineering department. The engineering department develops sophisticated sensor-based systems (sensor fusion) for third-party enterprises relying on the core facilities of the UAV system's PCB and software.

Financial review

The Company incurred a loss after tax of DKK 10,288 thousand in the 2015 financial year after capitalization of development costs which Management considers unsatisfactory.

The loss is primarily attributable to the insufficient sale of drone systems compared with budget. Management assesses that the drone market is emerging and that many end customers await legislation on the area, which causes delays in the penetration period of the drone. In the period 2009-2015, the project Huginn X1 was established in the market, and since 2014, the project saw a positive development selling Huginn X1 drone solutions to end users in the targeted segments.

In the year under review, the engineering department established several new assignments, including a EU fund project "AGILE". Combined with the existing high-technology fund projects, "Smart UAV" and "UAWORLD", this will contribute positively to the Company's operations in the coming 2-3 years. Further potential assignments for 2016 also include three BtB partnerships involving financed development projects with strategic segment partners.

In February 2015, a capital reduction was made to cover the 2014 losses and a subsequent capital increase of DKK 7,927 thousand, of which DKK 1,055 thousand was made by a cash contribution, DKK 4,422 thousand by means of a conversion of debt and DKK 2,451 thousand by non-cash contribution of Anthea Technologies ApS.

The capital increase took place in connection with Sky-Watch A/S' takeover of Anthea Technologies ApS, which is Sky-Watch A/S' distribution channel. Consequently, Anthea Technologies ApS became, as from 1st March 2015, a wholly-owned subsidiary.

In July 2015, the shareholders injected DKK 5,000 thousand cash, and mid November 2015 another DKK 5,000 thousand cash as a share capital increase, in order to cover the cumulated 2015-losses and to strengthen the capital, equity and liquidity of the company.

Management is of the opinion that the Company given its new cash position and the continued financing agreement with Nordea Bank Danmark A/S has sufficient cash resources to continue as a going concern in 2016.

Research and development activities

Capitalized development costs in 2015 relate to new technology to the "Huginn X1" drone which continuously adds new applications to the product's basic platform and to the UAWorld and SmartUAV projects.

Based on expectations of the technology in "Huginn X1", UAWorld and SmartUAV Management assesses that income from the project will flow to the Company at least corresponding to the carrying amount of the development project.

Management's review

Operating review

Post balance sheet events

In January 2016 the company has acquired the technology, production apparatus and engineering staff of the company Little Smart Things ApS in chapter 11, adding two new TRL 9 product (CumulusOne and Heidrun V1) to its product line which will position the company stronger in its future sales offering to the market. Also this acquisition brings further three high-technology fund projects "BuDrone", "AutoDecent" and "EUDP" to the engineering departments portfolio, now totaling six projects. All projects with synergies to the Huginn X1, CumulusOne and Heidrun V1 products.

Apart from disclosures made in the Management's review, no other significant events have occurred after the balance sheet date that affect the financial statements.

Outlook

Management expects changes on the legislative front soon to be adopted for the "small UAV" area which will increase the potential sale of the three TRL 9 products, Huginn X1, CumulusOne and Heidrun V1, in 2016 and not least in 2017 - 2018.

The year 2016 is expected to be the year in which the end user sale of the three drones will accelerate based on the considerably extended distribution network.

Management expects to realize a positive EBITDA in 2016 and to report significant increase of results in 2017.

Financial statements for the period 1 January - 31 December

Income statement

Notes	DKK'000	2015	2014
	Gross profit/loss	-2,193	-1,237
2	Staff costs	-7,829	-6,487
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-2,466	-2,268
	Operating profit/loss	-12,488	-9,992
	Income from investments in group entities	-443	0
	Financial income	0	1
	Financial expenses, group enterprises	-155	0
	Financial expenses	-190	-496
	Profit/loss before tax	-13,276	-10,487
3	Tax for the year	2,988	2,795
	Profit/loss for the year	-10,288	-7,692
	Proposed profit appropriation/distribution of loss		
	Retained earnings/accumulated loss	-10,288	-7,692
		-10,288	-7,692

Financial statements for the period 1 January - 31 December

Balance sheet

Notes	DKK'000	2015	2014
ASSETS			
Non-current assets			
4	Intangible assets		
	Completed development projects	5,570	5,698
	Acquired intangible assets	70	100
	Development projects in progress and prepayments for intangible assets	2,059	889
		<u>7,699</u>	<u>6,687</u>
5	Property, plant and equipment		
	Plant and machinery	240	365
	Other fixtures and fittings, tools and equipment	125	139
	Leasehold improvements	131	77
		<u>496</u>	<u>581</u>
6	Investments		
	Investments in group entities, net asset value	2,008	0
		<u>2,008</u>	<u>0</u>
	Total non-current assets	<u>10,203</u>	<u>7,268</u>
Current assets			
Inventories			
	Raw materials and consumables	1,835	1,464
		<u>1,835</u>	<u>1,464</u>
Receivables			
	Trade receivables	5	1,467
	Receivables from group entities	139	0
8	Deferred tax assets	1,200	991
	Income taxes receivable	2,779	2,225
	Other receivables	774	286
	Deferred income	129	67
		<u>5,026</u>	<u>5,036</u>
	Cash	10	18
	Total current assets	<u>6,871</u>	<u>6,518</u>
	TOTAL ASSETS	<u>17,074</u>	<u>13,786</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Notes	DKK'000	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	15,562	15,574
	Share premium account	0	0
	Retained earnings	-5,472	-13,123
	Total equity	10,090	2,451
	Provisions		
	Other provisions	76	100
	Total provisions	76	100
	Liabilities other than provisions		
9	Non-current liabilities other than provisions		
	Other credit institutions	1,500	2,078
		1,500	2,078
	Current liabilities other than provisions		
9	Current portion of long-term liabilities	614	5,048
	Bank debt	252	1,703
	Trade payables	274	824
	Payables to group entities	1,149	0
	Other payables	1,175	1,268
	Deferred income	1,944	314
		5,408	9,157
	Total liabilities other than provisions	6,908	11,235
	TOTAL EQUITY AND LIABILITIES	17,074	13,786
1	Accounting policies		
10	Collateral		
11	Contractual obligations and contingencies, etc.		
12	Related parties		

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Share premium account	Retained earnings	Total
Equity at 1 January 2015	15,574	0	-13,123	2,451
Capital increase	13,111	4,816	0	17,927
Capital reduction	-13,123	0	13,123	0
Profit/loss for the year	0	0	-10,288	-10,288
Transferred from share premium account	0	-4,816	4,816	0
Equity at 31 December 2015	15,562	0	-5,472	10,090

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies

The annual report of Sky-Watch A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The accounting policies applied by the company are consistent with those of last year.

Consolidated financial statements

In accordance with §112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of Sky-Watch A/S and subsidiaries are included in the consolidated financial statements of Dangroup ApS.

Reporting currency

The financial statements are presented in Danish kroner.

Currency translation

Transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. Receivables and 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 at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses. Non-current assets acquired in foreign currencies are measured at the exchange rate at the transaction date.

Income statement

Revenue

Income from the sale of goods and services is recognised in the income statement when delivery and transfer of risk to the buyer have taken place before year end and provided that the income can be reliably measured and is expected to be received. Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Gross profit/loss

The items revenue, cost of sales, other external costs and other operating income have been aggregated into one item called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external costs comprise costs of distribution, sale, advertising, administration, premises, etc.

Staff costs

Staff costs include wages and salaries, including 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.

Financial statements for the period 1 January - 31 December

Notes

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The cost of completed development projects and intellectual property rights acquired is amortised on a straight-line basis over the expected useful life.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Completed development projects	3 - 5 years
Acquired IP rights	3 - 5 years

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Leasehold improvements	3 - 5 years
Plant and machinery	5 - 10 years
Other fixtures and fittings, tools and equipment	3 - 8 years

Income from investments in group entities

The item includes the entity's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses comprise interest income and expense, costs, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Financial statements for the period 1 January - 31 December

Notes

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is five years.

Gains and losses on the disposal of development projects 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

On initial recognition, property, plant and equipment are measured at cost.

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

Gains and losses on the disposal of property, plant and equipment are calculated 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 depreciation.

Investments in group entities

On initial recognition, investments in subsidiaries and associates are measured at cost and subsequently at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies less or plus any residual value of positive or negative goodwill determined in accordance with the acquisition method. Subsidiaries and associates with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the enterprise's deficit. Net revaluations of investments in subsidiaries and associates are transferred to the net revaluation reserve according to the equity method in so far as the carrying amount exceeds the acquisition cost.

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised up to the date of disposal.

Acquisitions of new subsidiaries and associates are accounted for using the purchase method, according to which the assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of revaluations made is taken into account.

Financial statements for the period 1 January - 31 December

Notes

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment 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. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where net realisable value is lower than cost, inventories are written down to this lower value.

Cost comprises the purchase price plus delivery costs.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Cash and cash equivalents

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

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. 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.

Financial statements for the period 1 January - 31 December

Notes

Provisions

Provisions comprise anticipated costs related to warranties. Provisions are recognised when, as a result of past events, the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation concerned is expected to be settled far into the future.

Corporation 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.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the expected value of their realisation; 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.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to external lenders are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years and received grants concerning ongoing development projects.

Financial statements for the period 1 January - 31 December

Notes

DKK'000	2015	2014
2 Staff costs		
Wages/salaries	8,263	7,131
Pensions	935	729
Other social security costs	63	71
Other staff costs	158	0
Thereof capitalised under development projects and inventories	-1,590	-1,444
	<u>7,829</u>	<u>6,487</u>
3 Tax for the year		
Estimated tax charge for the year	-2,779	-2,225
Deferred tax adjustments in the year	-209	-570
	<u>-2,988</u>	<u>-2,795</u>

4 Intangible assets

DKK'000	Completed development projects	Acquired Intangible assets	Development projects in progress and prepayments for Intangible assets	Total
Cost at 1 January 2015	9,607	150	889	10,646
Additions in the year	0	0	3,254	3,254
Disposals in the year	0	0	-2,084	-2,084
Transfer from other accounts	2,084	0	0	2,084
Cost at 31 December 2015	<u>11,691</u>	<u>150</u>	<u>2,059</u>	<u>13,900</u>
Impairment losses and amortisation at 1 January 2015	3,909	50	0	3,959
Impairment losses in the year	49	0	0	49
Amortisation/depreciation in the year	<u>2,163</u>	<u>30</u>	<u>0</u>	<u>2,193</u>
Impairment losses and amortisation at	<u>6,121</u>	<u>80</u>	<u>0</u>	<u>6,201</u>
Carrying amount at 31 December 2015	<u>5,570</u>	<u>70</u>	<u>2,059</u>	<u>7,699</u>

Intellectual property rights acquired comprise software.

Financial statements for the period 1 January - 31 December

Notes

5 Property, plant and equipment

DKK'000	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2015	752	291	117	1,160
Additions in the year	0	50	89	139
Cost at 31 December 2015	752	341	206	1,299
Impairment losses and depreciation at 1 January 2015	387	152	40	579
Amortisation/depreciation in the year	125	64	35	224
Impairment losses and depreciation at 31 December 2015	512	216	75	803
Carrying amount at 31 December 2015	240	125	131	496

6 Investments

DKK'000	Investments in group entities, net asset value
Cost at 1 January 2015	0
Additions in the year	2,451
Cost at 31 December 2015	2,451
Share of the profit/loss for the year	-443
Value adjustments at 31 December 2015	-443
Carrying amount at 31 December 2015	2,008

DKK'000	Legal form	Domicile	Interest	Equity	Profit/loss
Subsidiaries					
Anthea Technologies ApS	ApS	Svendborg	100.00 %	1,099,284	-360,565

Additions in the year includes goodwill, t.DKK 990, which will be depreciated in 10 years.

Financial statements for the period 1 January - 31 December

Notes

DKK'000	2015	2014
7 Share capital		
The share capital consists of the following:		
15,561,736 shares of DKK 1.00 each	15,562	15,574
	<u>15,562</u>	<u>15,574</u>

Analysis of changes in the share capital over the past de seneste 5 years:

DKK'000	2015	2014	2013	2012	2011
Opening balance	15,574	15,574	3,869	3,869	2,050
Capital increase	13,111	0	11,705	0	1,819
Capital reduction	-13,123	0	0	0	0
	<u>15,562</u>	<u>15,574</u>	<u>15,574</u>	<u>3,869</u>	<u>3,869</u>

8 Deferred tax

The total tax asset amounted to DKK 1.200 thousand at 31 December 2015.

The tax asset is capitalised based on the Company's expectations for the future, including the utilisation potential for the development projects. The Company expects to report positive results for 2015 and onwards, and accordingly, the tax asset is expected to be utilised within 2-3 years.

9 Long-term liabilities

DKK'000	Total debt at 31/12 2015	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other credit institutions	2,114	614	1,500	0
	<u>2,114</u>	<u>614</u>	<u>1,500</u>	<u>0</u>

10 Collateral

The Company has issued mortgages registered to the owner of DKK 700 thousand, secured on plant and machinery with a carrying amount of DKK 496 thousand at 31 December 2015. The owner's mortgage has been deposited as collateral for an instrument of debt to Nordjysk Lånefond.

A company charge of DKK 4,919 thousand has been provided as collateral for amounts owed to credit institutions and banks.

Financial statements for the period 1 January - 31 December

Notes

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

Share options comprising 225,000 shares have been granted to the Executive Board. The subscription period expires upon termination of employment.

The Board is authorized to issue warrants to its CEO with the right to subscribe up to a total nominal amount of DKK 311,235 of company shares without pre-emptive rights for other shareholders in the company. The authorization expires November 20, 2020.

The Company is jointly taxed with the other Danish consolidated enterprises. As a consolidated enterprise, together with the other consolidated enterprises included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes. The jointly taxed enterprises' total known net liabilities to SKAT are stated in the financial statements of the administrative company, Dangroup ApS, CVR No. 29 93 07 59. Any subsequent corrections of joint taxation income, etc., may entail that the Company's liability will increase.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2015	2014
Rent and lease liabilities	475	150

12 Related parties

Sky-Watch A/S' related parties comprise the following:

Ownership

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

Name	Domicile
Dangroup ApS	Englandsvej 14, 5700 Svendborg
Styrelsen for Forskning og Innovation	Bredgade 40, 1260 København K

Sky-Watch A/S is included in the consolidated financial statements of Dangroup ApS.