Global Scanning A/S

Svanevang 2, 3450 Allerød

CVR nr. 34 61 31 41

Annual Report

for the financial period 1 January 2015 – 31 December 2015
3rd financial year

Adopted at the Annual General Meeting of shareholders
on 27 April 2016

Gunnel Duveblad
....
Chairman

Contents

Company details

Main office
Global Scanning A/S
Svanevang 2
3450 Allerød

Phone	+45 48 14 11 22
Fax	+45 48 14 01 22

Country of incorporation
Denmark

Board of Directors
Gunnel Ellinor Duveblad (Chairman)
Tomas Håkan Therén
Oskar Emanuel Lindholm
Anne Raaen Rasmussen
Søren Thuun Jensen (employee elected)
Brian Steen Jensen (employee elected)

Executive Board
Graham James Ohn Tinn (CEO)

Shareholders holding 5% or more of the share capital or the voting rights	Percentage
Procuritas Capital Investores V LP	95,5%

Ultimative parent
Procuritas Capital Investors V LP

Auditors
Ernst & Young Godkendt Revisionspartnerselskab

Bankers
Nordea Bank Danmark A/S

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 Global Scanning A/S for the financial year 1 January 2015 - 31 December 2015.

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

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

Allerød, 27 April 2016

Executive board:

Graham James Ohn Tinn
(CEO)

Board of Directors:

Gunnel Ellinor Duveblad
Chairman

Tomas Håkan Therén

Oskar Emanuel Lindholm

Anne Raaen Rasmussen

Søren Thuun Jensen
Employee elected

Brian Steen Jensen
Employee elected

Independent Auditors' Report

To the Shareholders of Global Scanning A/S

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

We have audited the consolidated financial statements and the parent company financial statements of Global Scanning A/S for the financial year 1 January 2015 - 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

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

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

Auditors' responsibility

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

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

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group´s and the parent company's financial position at 31 December 2015 and of the results of the Group´s and the parent company's operations and cash flows for the financial period 1 January 2015 - 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statement 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 further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

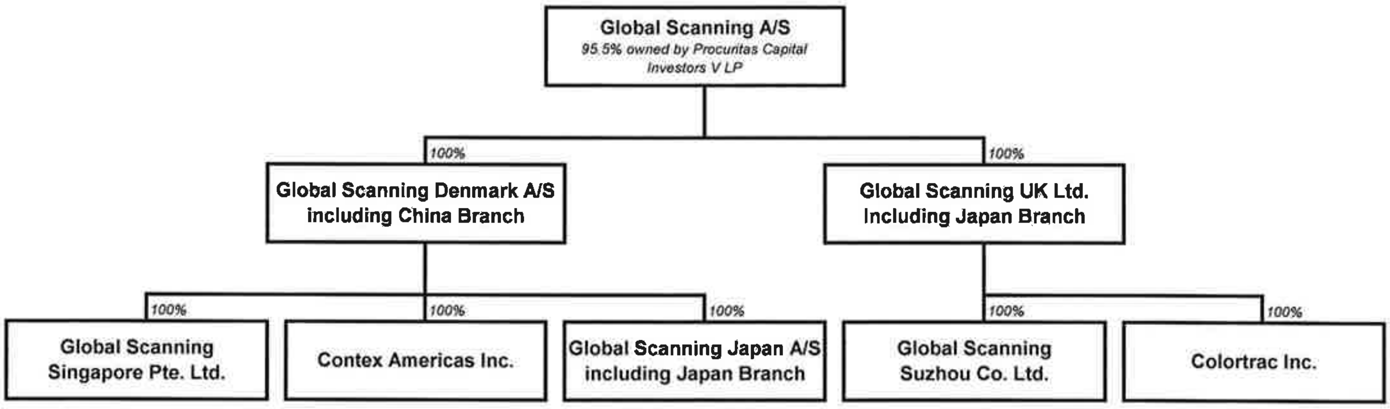
Copenhagen, 27 April 2016

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Eskild N. Jakobsen
State Authorised Public Accountant

Alex Petersen
State Authorised Public Accountant

Global Scanning A/S - Legal Entities



Financial highlights

In USD thousands, except ratios, USD rate and number of employees.

Key figures group	**2015**	**2014**	**2012/13**
Profit & Loss			
Revenue	46.016	53.000	39.016
Operating profit	(1.215)	(917)	(4.070)
Net financials	(2.871)	(1.956)	(2.414)
Net profit/loss for the year	(2.749)	(1.871)	(5.618)
Cash Flows			
Cash flows from operating activities	4.475	8.668	8.203
Cash flow to investments	(4.108)	(4.093)	(57.669)
Net cash flow for the year	(2.909)	5.144	(797)
Cash and cash equivalents at year-end	1.438	4.347	(797)
Balance sheet			
Total equity	29.253	31.545	28.562
Total assets	66.805	70.769	74.710
Exchange rate per balance sheet date DKK/USD	6,86	6,11	5,41
Average number of employees	202	219	225

Management´s Review

Group overview

The group´s objective is to be a market leader in innovative and reliable 2D digital imaging solutions.

Global Scanning Group develops manufactures and markets large-format scanning solutions for the computer-aided design (CAD), geographic information systems (GIS), reprographic products, copy services and document archiving segments under the brands Contex and Colortrac. The Group's scanners digitally capture documents, drawings and other 2D input in order to view, edit, archive, convert or print output data.

Net profit for the year

The net result was lower than expected. The Group´s revenue totaled USD 46,016 thousand down from USD 53,000 thousand in 2014. The operating profit is a deficit of USD 1,215 thousand (USD 917 thousand in 2014) and the deficit for the year before tax is USD 4,086 thousand against a loss of USD 2,874 thousand in 2014.

The net result before tax for the year in the parent company amounts to a deficit of USD 2,364 thousand (USD 343 thousand in 2014) which mainly consists of interest expenses on the bank debt.

Financial position

Liquidity and capital resources

The balance sheet total at 31 December 2015 was USD 66,805 thousand compared to USD 70,769 thousand in 2014. Cash and cash equivalents at 31 December 2015 is USD 1,438 thousand and the unused credit facilities total USD 6,541 thousand.

As the major part of the Group´s cash flows are denominated in USD, the Group uses forward exchange contracts to hedge DKK cash flows related to production of large-format scanners. Forward exchange contracts are entered into 9-15 months before the expected exercise date.

Furthermore the Group´s financing denominated in DKK was hedged using forward exchange contracts with same instalment profiles as the financing in DKK in 2015.

Movements in the DKK/USD rate during 2016 can have a limited impact on the Group´s operating profit. Existing forward exchange contracts at 31 December 2015 showed an average DKK/USD rate of 5.57. The company has only entered into forward exchange contracts covering 5 months of 2016 due to a transition of operation away from DKK cash flow during the year.

Capital structure

Equity and gearing

The Company's capital structure is as follows:

	2015 USD'000	2014 USD'000
Debt:		
Interest-bearing loans and other borrowings	26.805	26.689
Cash	5.218	4.734
Net debt	21.587	21.955
Total equity	29.253	31.545
Total capital employed	50.840	53.500

Debt profile

The Company's debt profile is as follows:

	2015 USD'000	2014 USD'000
Short-term liabilities:		
Bank loan	0	26.301
Bank debt	3.780	387
Long-term liabilities other than provisions:		
Bonds	23.025	0
Other non-current liabilities	0	0
	26.805	26.688

Research and development

Research and development expenses in 2015 amounted to USD 6.138 thousand (2014: USD 7.997 thousand) equal to 13.3% of the revenue (2014: 15.1%). The Group has, during the year, developed new product platforms for both scanners and software. Of the costs incurred USD 2.480 thousand was capitalized.

The development will continue with a further strengthening of the product program.

It is the Group´s opinion that it has gained a competitive edge with its product portfolio.

Outlook

Global Scanning A/S has a strong global market position, including opportunities for further profitable growth. A continued focus on R&D investments will enhance the competitive advantages. The outlook for 2016 is cautiously optimistic, and the company expects the revenue for 2016 to be slightly above 2015. Furthermore the company has announced an efficiency improvement in the production setup during 2016 which will have a future positive impact on the result.

The company expects a result that is positive but close to zero in 2016.

Subsequently events

In January 2016 the company has listed bonds at the Swedish Nasdaq, see more information in note 3 Subsequently events.

Besides this no post balance sheet events have occurred which could materially affect the assessment of the Group´s financial position.

Corporate Social Responsibilities

No CSR policy including separate policies for human rights and reduction of climate impact has been prepared by the Group.

Gender composition of management

The Board of Directors in the parent company and in the Danish subsidiary consists, apart from the employee elected board members, of 2 women (50%) and 2 men (50%) and gender ratio is therefore considered equal. A gender balance is expected to be maintained in the future.

Management has adopted a policy to increase the share of the under-represented sex to the other levels of management, which includes the company expanded executive and middle management. The policy sets internal targets for the proportion of female managers and the policy also provides guidelines for the recruitment and retention of women leaders in the Danish subsidiary.

Specifically, the company has initiated several actions to increase the proportion of female managers:

- Personnel policy that promotes career opportunities for both sexes
- Recruitment procedures, which help to ensure a level recruitment opportunities for both sexes

The initiatives has been implemented in 2013 and has not yet had an effect, and the proportion of female managers at other levels of management is 20%. The company expects as a result of the initiatives put in place that the proportion of female managers at other management levels will rise slightly in the coming years.

Statement of income
for the year ended 31 December

		Group		Parent	
		2015	2014	2015	2014
	Notes	USD'000	USD'000	USD'000	USD'000
Revenue		46.016	53.000	0	0
Production costs	5	(37.251)	(43.440)	0	0
Gross profit		**8.765**	**9.560**	**0**	**0**
Distribution costs	5	(5.758)	(6.271)	0	0
Administrative expenses	5	(4.410)	(4.421)	(827)	(876)
Other operating income	6	188	214	827	790
Operating profit		**(1.215)**	**(917)**	**0**	**(86)**
Financial income	7	1.740	467	1.249	1.205
Financial expenses	8	(4.611)	(2.423)	(3.612)	(1.462)
Pre-tax profit		**(4.086)**	**(2.874)**	**(2.364)**	**(343)**
Income taxes	9	1.337	1.003	1.117	261
Net profit for the year		**(2.749)**	**(1.871)**	**(1.246)**	**(82)**

Statement of comprehensive Income

		Group		Parent	
		2015	2014	2015	2014
	Notes	USD'000	USD'000	USD'000	USD'000
Net profit for the year		(2.749)	(1.871)	(1.246)	(82)
Other comprehensive income					
Exchange differences on translation of foreign operations		0	(45)	0	0
Other comprehensive income to be reclassified to profit and loss in subsequent periods					
Valuation adjustment for the year, cash flow hedges		(1.755)	(675)	(19)	(315)
Valuation adjustment reclassified to production, distribution and administrative costs		1.747	28	0	0
Valuation adjustment reclassed to financial items		613	(843)	322	218
Income tax effect		(148)	373	(74)	24
Total comprehensive income for the year, net of tax		**(2.292)**	**(3.034)**	**(1.018)**	**(155)**

Balance sheet
at 31 December

	Notes	Group 2015 USD'000	Group 2014 USD'000	Parent 2015 USD'000	Parent 2014 USD'000
Assets					
Non-current assets					
Goodwill		28.602	28.602	0	0
Development costs		9.783	13.839	0	0
Customer relations		1.681	1.921	0	0
License rights and patents		2.113	2.080	0	0
Total intangible assets	10	42.178	46.442	0	0
Property, plant and equipment					
Land and buildings		3.308	3.683	0	0
Leasehold		674	8	0	0
Plant and machinery		67	162	0	0
Other plant, operating equipment etc.		1.121	1.242	0	0
Total property, plant and equipment	11	5.169	5.094	0	0
Financial assets					
Investments in subsidiaries	12	0	0	53.366	53.366
Deferred tax assets	15	0	0	1.177	744
Other long term assets		87	77	0	0
Total financial assets		87	77	54.543	54.110
Total non-current assets		47.435	51.614	54.543	54.110
Current assets					
Inventories					
Raw materials and consumables		4.729	4.389	0	0
Work in progress		116	70	0	0
Finished goods		2.158	2.222	0	0
Total inventories	13	7.003	6.680	0	0
Receivables					
Trade receivables	14	5.439	6.239	0	0
Receivable from group enterprises		0	0	6.744	3.967
Income tax receivable	17	521	412	609	0
Prepayments		1.189	1.090	6	0
Total receivables		7.150	7.741	7.359	3.967
Cash and cash equivalents		5.218	4.734	0	0
Total current assets		19.370	19.155	7.359	3.967
Total assets		66.805	70.769	61.902	58.077

Balance sheet
at 31 December

	Notes	Group 2015 USD'000	Group 2014 USD'000	Parent 2015 USD'000	Parent 2014 USD'000
Equity and liabilities					
Shareholders' equity					
Share capital		164	164	164	164
Share premium		40.172	40.172	40.172	40.172
Retained earnings		(11.083)	(8.791)	(2.415)	(1.397)
Foreign currency translation		0	(0)	0	0
Proposed dividend		0	0	0	0
Total shareholders'equity		29.253	31.545	37.921	38.939
Liabilities other than provisions					
Deferred tax	15	1.650	2.727	0	0
Bank loans	16	0	0	0	0
Bonds	16	23.025	0	23.025	0
Other non-current liabilities	16	0	0	0	0
Long-term liabilities other than provisions		24.675	2.727	23.025	0
Current portion of long-term liabilities other than provisions	16	0	26.301	0	18.019
Bank debt	16	3.780	387	0	0
Trade payables		4.777	4.389	0	0
Income taxes payable	17	0	0	0	0
Debt to group enterprises		0	0	415	632
Other liabilities		4.320	5.419	541	487
Short-term liabilities		12.877	36.497	956	19.138
Total liabilities other than provisions		37.552	39.224	23.981	19.138
Total equity and liabilities		66.805	70.769	61.902	58.077

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Statement of changes in shareholders´equity

Group

USD´000

	Share capital	Share premium	Retained earnings	Foreign currency translation	Proposed dividend	Total
Balance 1/1 2014	140	34.179	(5.802)	45	0	28.562
Addition from capital increases	24	5.993	0	0	0	6.017
Net profit for the year	0	0	(1.871)	0	0	(1.871)
Valuation adjustment for the year, cash flow hedges	0	0	(675)	0	0	(675)
Valuation adjustment reclassified to production, distribution and administrative	0	0	28	0	0	28
Valuation adjustment reclassed to financial items	0	0	(843)	0	0	(843)
Income tax effect	0	0	373	(45)	0	327
Balance 1/1 2015	164	40.172	(8.791)	0	0	31.545
Addition from capital increases	0	0	0	0	0	0
Net profit for the year	0	0	(2.749)	0	0	(2.749)
Valuation adjustment for the year, cash flow hedges	0	0	(1.755)	0	0	(1.755)
Valuation adjustment reclassified to production, distribution and administrative	0	0	1.747	0	0	1.747
Valuation adjustment reclassed to financial items	0	0	613	0	0	613
Income tax effect	0	0	(148)	0	0	(148)
Shareholders´equity at 31/12 2015	164	40.172	(11.083)	0	0	29.253

Parent

USD´000

	Share capital	Share premium	Retained earnings	Foreign currency translation	Proposed dividend	Total
Balance 1/1 2014	140	34.179	(1.242)	0	0	33.077
Addition from formation	0	0	0	0	0	0
Addition from capital increases	24	5.993	0	0	0	6.017
Net profit for the year	0	0	(82)	0	0	(82)
Valuation adjustment for the year, cash flow hedges	0	0	(315)	0	0	(315)
Valuation adjustment reclassified to production, distribution and administrative	0	0	0	0	0	0
Valuation adjustment reclassed to financial items	0	0	218	0	0	218
Income tax effect	0	0	24	0	0	24
Balance 1/1 2015	164	40.172	(1.397)	0	0	38.939
Addition from formation	0	0	0	0	0	0
Addition from capital increases	0	0	0	0	0	0
Net profit for the year	0	0	(1.246)	0	0	(1.246)
Valuation adjustment for the year, cash flow hedges	0	0	(19)	0	0	(19)
Valuation adjustment reclassified to production, distribution and administrative	0	0	0	0	0	0
Valuation adjustment reclassed to financial items	0	0	322	0	0	322
Income tax effect	0	0	(74)	0	0	(74)
Shareholders´equity at 31/12 2015	164	40.172	(2.415)	0	0	37.921

Cash flow statement

	Group		Parent	
	2015	2014	2015	2014
	USD'000	USD'000	USD'000	USD'000
Operating profit/loss	(1.215)	(917)	0	(86)
Amortisation/Depreciation	8.241	8.965	0	0
EBITDA	7.026	8.048	0	(86)
Change in inventory and receivables	378	1.237	(6)	0
Change in trade payables	387	811	0	0
Change in other current liabilities	(1.271)	1.797	(2.359)	(2.733)
Interest received	136	3	49	205
Interest paid	(1.957)	(3.069)	(959)	(1.056)
Income taxes received/(paid)	(224)	(159)	63	0
Cash flow from operating activities	4.475	8.668	(3.212)	(3.670)
Additions of intangible assets	(2.637)	(3.366)	0	0
Additions of property, plant and equipment	(1.471)	(727)	0	0
Acquisition of subsidiaries, net cash outflow	0	0	0	0
Dividend received	0	0	1.200	1.000
Cash flow from investing activities	(4.108)	(4.093)	1.200	1.000
Proceeds from borrowings	23.025	0	23.025	0
Repayment of borrowings	(26.301)	(5.448)	(18.019)	(1.849)
Dividend paid	0	0	0	0
Capital contribution	0	6.017	0	6.017
Change in receivables from group enterprises	0	0	(2.777)	95
Change in payables to parent company	0	0	(217)	217
Change in non-current liabilities	0	0	0	(1.825)
Cash flow from financing activities	(3.276)	569	2.012	2.656
Net cash flow for the year	(2.909)	5.144	0	(14)
Cash and cash equivalents at 1/1 2015	4.347	(797)	0	14
Net cash flow for the year	(2.909)	5.144	0	(14)
Cash and cash equivalents at 31/12 2015	1.438	4.347	0	0
Cash and cash equivalents at 31/12 2015				
Cash	5.218	4.734	0	0
Bank debt	(3.780)	(387)	0	0
	1.438	4.347	0	0
Unutilised portion of credit facilities including cash and cash equivalents	6.541	8.436		

Notes

Note 1 Accounting Policies

The Annual Report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU with effect as of 1 January 2015 and additional disclosure requirements for annual reports of large reporting class C enterprises.

The financial statements of the company are presented in US dollars, which is the company' functional and presentation currency.

Accounting policies are unchanged compared to last year with the following exceptions:

New and amended standards and interpretations that have become operative:

In its Annual Report for 2015, Global Scanning has implemented all new IFRS standards, amendments to existing standards and IFRIC interpretations that have been adopted by the EU and are operative for financial statements covering periods beginning on or after 1 January 2015.

No standards and amendments to existing standards which are relevant for Global Scanning have affected the financial statements for 2015.

The following standards, amendments to existing standards and interpretations have been implemented but have no effect on Global Scanning´s annual report:

- IAS 19 Defined Benefit Plans: Employee Contributions — Amendments to IAS 19.
- Parts of Annual Improvements to IFRSs 2010-12 Cycle.
- Annual Improvements to IFRSs 2011-13 Cycle.
- Amendments to IAS 19 concern employees' and third parties' contributions to pension plans.
- Annual Improvements to IFRSs 2010-12 Cycle imply amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. The amendments must be considered very specific amendments with a narrow scope. The amendments to IFRS 2 and IFRS 3 apply to transactions where the date of grant, respectively the date of acquisition, is 1 July 2014 or later. These parts of Annual Improvements to IFRSs 2010-12 have therefore been implemented in the financial year 2014.
- Annual Improvements to IFRSs 2011-13 Cycle imply amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40. As the abovementioned Annual improvements, these amendments must be considered very specific amendments with a narrow scope.

In addition, the IASB has issued a number of new standards, amendments to existing standards and interpretations which are not relevant for Global Scanning and which are therefore not expected to affect its future annual reports.

Consolidation

The consolidated financial statements comprise the parent, Global Scanning A/S and entities controlled by the parent. Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power of an entity.

The consolidated entities' financial statements are prepared in accordance with the accounting policies applied by the parent. The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by adding together like items. Intra-group income, expenses, gains, losses, investments, dividends and balances are eliminated.

Recently acquired or sold subsidiaries are recognized in the consolidated income statement for the period in which the parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

The purchase method of accounting is applied to the acquisition of subsidiaries. The cost is made up at the net present value of the consideration agreed plus directly attributable expenses.

Conditional payments are recognized at the amount expected to be paid.

Notes

Note 1 Accounting policies, continued

Identifiable assets and liabilities in the acquired entities are recognized at the fair value at the time of acquisition. Allowance is made for the tax effect of revaluations of assets and liabilities. Any residual difference between the cost and the group's share of the fair value of the identifiable assets and liabilities is recognized as goodwill or negative goodwill.

Currency translation

Transactions in foreign currency are translated into USD at the exchange rate at the date of the transaction.

Foreign subsidiaries

The accounts of foreign subsidiaries are translated according to the following principles:

Balance sheet items are translated at closing rates. The income statement is translated at the rates at the date of the transaction. Any exchange differences resulting from the translation of the opening equity at the closing rate and the exchange adjustment of the items in the income statement from the rate at the date of the transaction to the closing rate are taken directly through equity.

Derivative financial instruments

The Group enters into forward exchange contracts to hedge the future value of its cash flows. Upon initiation of contracts, the Group classifies each contract that qualifies for hedge accounting as a hedge for a specific hedged financial transaction or firm commitment.

On initial recognition, all forward exchange contracts are measured at cost and subsequently re-measured at their fair value at the balance sheet date. The value adjustments on forward contracts designated as hedges are taken directly to equity, given hedge effectiveness. The value adjustments on those forward contracts that do not meet the requirements of IAS 39 for hedge accounting are recognized directly in the income statement under financial income/expenses.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

Sales of goods

Revenue from the sale of goods is recognized when significant risk and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Rendering of services

Revenue from service contracts is allocated over the service period

Production costs

Production costs comprise the direct production costs and production overheads relation to revenue and direct costs and costs of labor for product development, which have not been capitalized according to IAS 38.

Distribution costs

Distribution costs comprise the expenses relation to distribution and sale of products, salaries to the sales staff, advertising and exhibition expenses etc.

Administrative expenses

Administrative expenses comprise expenses for the administrative staff and management including office expenses, salaries etc.

Other operating income

Other operating income comprises income of secondary nature in relation to the activities of the Company, including rental income, sale of scrap and gain on sale of fixed assets.

Amortization/depreciation and write-downs

Depreciation and write-downs include depreciation and write-downs of intangible assets and property, plant and equipment.

Notes

Note 1 Accounting policies, continued

Property, plant and equipment include land and building, plant and machinery, other fixture and fittings, tools and equipment and leasehold improvement.

Land is recorded at cost and is not depreciated.

Intangible assets include development costs and patents.

Intangible assets and property, plant and equipment are amortized/depreciated on a straight-line basis on the basis of the cost, measured by reference to the following assessment of the useful life of the assets:

	Years	Scrap value
Goodwill	Indefinite	Impairment
Development costs	3	0%
Customer relations	10	0%
License rights and patents	10-20	0%
Buildings	30	0%
Plant and machinery	4-8	0%
Other operating equipment, etc.	2-6	0%

Parent company dividend

Dividend from subsidiaries is recognized fully in the profit and loss statement at the time of distribution.

Net financials

Financial income and expenses are recognized in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realized and unrealized capital and exchange gains and losses in foreign currency transactions and surcharges and allowances under the advance-payment -of-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 less the share of the tax for the year that concerns changes in equity.

Current and deferred taxes related to items recognized directly in the equity are taken directly on the equity.

The parent company and all Danish group enterprises are jointly taxed. The Danish corporation tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation).

Intangible assets

Intangible assets comprise goodwill with indefinite useful life and of development costs, customer relations and license rights and patents with finite useful life.

Goodwill

Goodwill is measured at cost less accumulated write-downs

Goodwill is tested for impairment annually or when there are indications of decreases in value. The impairment test is made for the activity or business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or the business area to which the goodwill relates (recoverable amount) if it is lower than the carrying amount.

Notes

Note 1 Accounting policies, continued

Development projects
Development projects that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated, and where the intention is to produce, market or use the product or the process, are recognized as intangible assets provided that it is sufficiently certain that the future earnings are adequate to cover the production, sales and administrative expenses and the aggregate development costs. Other development costs are expensed in the income statement as incurred.

Development costs are measured at direct costs.

An impairment test is made for acquired intangible assets if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Impairment test is made at yearend for intangible assets that are not ready for use.

Customer relations, license rights and patents
Customer relations, license rights and patents are measured at cost less accumulated amortization and write-downs.

An impairment test is made for acquired intangible assets if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Impairment test is made at yearend for intangible assets that are not ready for use.

Property, plant and equipment
Property, plant and equipment comprise land and buildings, production equipment, machinery and other fixtures, fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and write-downs.

An impairment test is made for property, plant and equipment if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Investments
The value of investments in subsidiaries is stated in the parent company´s financial statement according to the cost method.
Investments are tested for impairment if there is any indication of decreases in value.

Inventories
Inventories are measured at the lower cost (FIFO basis) and net realizable value.

Raw materials and consumables are measured at cost.

Work in progress and finished goods are measured at manufacturing cost, which includes the cost of materials and direct payroll costs plus production overheads.

Receivables
Trade receivables are measured at the lower of amortized cost, which essentially corresponds to the nominal account receivable, and net realizable value, calculated by reference to an assessment of each individual receivable.

Prepayments
Prepayments recognized under assets comprise prepaid expenses

Notes

Note 1 Accounting policies, continued

Shareholders´ equity
Dividends proposed for the reporting period are presented as a separate item under Shareholders´ equity. Purchase and sales amounts for treasury shares are recognized directly on equity.

Income taxes
Current tax charges are recognized in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years´ taxable income and tax paid in advance.

Provisions for deferred tax are calculated of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations for the taxable income.

Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

Liabilities
Financial liabilities are recognized at the inception of the loan at the proceeds received net of transaction costs incurred. Interest-baring debt is subsequently measured at amortized cost, using the effective interest rate method at the time of the inception.

Other debt liabilities are measured at net realizable value.

Other financial obligations
The Company has entered into lease contracts for operation equipment for a period of several years. Lease payments are included in the income statement. Total lease commitments are stated under other financial obligations.

Cash flow
The cash flow statement shows the enterprise´s net cash flows, the year´s changes in cash and cash equivalents and the enterprise´s cash and cash equivalents at the beginning and at the end of the year.

Cash flow from operation activities are presented using the indirect method and are made up as the net profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid financial and extraordinary expenses and paid income taxes.

Cash flow from investing activities comprises payments related to additions and disposals of fixed assets, securities related to investing activities.

Cash flow from financing activities comprises dividends paid to shareholders, capital increases and reductions and the raising of loans and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash and near money securities in respect of which the rest of changes in value are insignificant.

Note 2 Significant accounting judgments, estimates and assumptions

In the process of applying the Company´s accounting policies, management has made the following judgments and estimates, which have a significant effect on the amounts recognized in the financial statements:

Impairment of goodwill
The Group determines whether goodwill is impaired at least once a year. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires that the Group makes an estimate of the expected future cash flows from the cash-generating unit and chooses a suitable discount rate in order to calculate the net present value of such cash flows. The carrying amount of goodwill at 31 December 2015 was USD 28,602 thousand (USD 28,602 thousand at 31 December 2014). More details are given in note 10.

Notes

Note 2 Significant accounting judgments, estimates and assumptions, continued

Recognition of deferred taxes

Deferred tax assets in the parent company are recognized for tax losses carried forward to the extent that the losses expected to be utilized in the foreseeable future jointly with profitable group companies.

The carrying amount of the parent company's deferred tax assets were at 31 December 2015 USD 1,177 thousand (USD 744 thousand at 31 December 2014).

Capitalized Development Costs

Development costs are capitalized based on ongoing assessments when they meet the criteria as described in note 1.

Capitalized Development Costs are annually reviewed for impairment indicators. If there is evidence of impairment, an impairment test is carried out for the project concerned. The impairment test is prepared on the basis of factors such as the future use of the project, the present value of expected future income, interest and risk.

Note 3 Subsequent Events

During December 2015 the financing made with Nordea Danmark A/S was repaid and instead the company issued corporate bonds at a value of USD 23,353 thousand (SEK 200,000 thousand) which was officially listed at the Swedish Nasdaq in January 2016. In connection with the issuing of the bonds USD 727 thousand of loan costs has been amortized.

The bonds are exempted from repayment before the final redemption date (9th December 2019) and the interest rate is STIBOR + 8.5%.

Note 4 Segment Information

According to IFRS 8 Segment information should be reported in a way that is consistent with the internal reporting provided to the chief operating decision-maker in the Group. The chief operating decision-maker is the function responsible for allocating resources and assessing operating segment results. Within Global Scanning Group the CEO is identified as the chief operating decision-maker.

- The Group is managed and controlled as a single unit of segmentation based on the fact that the Group is only selling one product family which is scanners which is developed and produced in various types dependent on the end customer´s needs, usage and workflow.
- Management is not able to make any independent decisions within the various brands without effecting the others
- There is no difference in the products sold within the various brands
- Individuals have no individual authorities in decision-making concerning product launch and new initiatives to promote results

As a result hereof Global Scanning has only defined one reportable segment which is regularly reviewed by the chief operating decision-maker who makes decisions about allocation of resources, budget and financial plan.

Nature of the consolidated revenue

The consolidated revenue relates in all majority to sale of goods. Less than 1% relates to rendering of services.

Notes

Note 4 Segment Information, continued

Transactions with major customers

The group has transactions with two major customers which amounted to total USD 25.338 thousand (2014: USD 26,022 thousand), corresponding to 55% (2014: 49%) of the consolidated revenue.

Geographic information

Revenue	**2015**	**2014**
	USD'000	**USD'000**
Americas	20,255	22,794
Emea	16,731	20,545
Apac	16,014	9,661
Total	**46,016**	**53,000**

The revenue information above is based on the locations of the customers, and as a material part of the revenue is sold as OEM, it is not possible to disclose geographic location of the end users.

Non-current assets	**2015**	**2014**
	USD'000	**USD'000**
Americas	52	37
Emea	44,671	50,203
Apac	2,712	1,374
Total	**47,435**	**51,614**

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

Notes

Note 5. Expenses

5.1 Amortisation/depreciation and writedowns	Group 2015 USD'000	Group 2014 USD'000	Parent 2015 USD'000	Parent 2014 USD'000
Analysis of amortisation/depreciation and writedowns for the year:				
Land and buildings	385	384	0	0
Leasehold	58	45	0	0
Plant and machinery	133	154	0	0
Other plant, operating equipment etc.	764	925	0	0
Development costs	6.536	7.109	0	0
Customer relations	240	240	0	0
License rights and patents	124	107	0	0
	8.241	8.965	0	0

5.2 Staff costs

The average number of staff during the year was 202 employees. (2014: 219)

Analysis of total payroll costs, etc.:

	Group 2015	Group 2014	Parent 2015	Parent 2014
Remuneration and salaries to the management (key management personnel)	1.200	633	100	122
Defined contribution plans to the management (key managment personnel)	69	56	0	0
Wages and salaries	11.894	13.286	0	0
Bonuses	486	870	0	0
Defined contribution plans	894	1.163	0	0
Other social security costs	263	346	0	0
	14.807	16.353	100	122

5.3 Audit fee

	Group 2015	Group 2014	Parent 2015	Parent 2014
Fee for statutory audit	171	194	6	15
Fee for tax advice	45	48	0	0
Fee for non-audit services	3	9	0	0
	219	251	6	15

5.4 Research and development

Research and development expenses in 2015 amounted to USD 6.138 thousand (2014: USD 7.997 thousand) of which USD 2.480 thousand was capitalised.
Net development expenses amount to USD 10.498 thousand (2014: USD 12.280 thousand).

Note 6. Other operating income

	Group 2015	Group 2014	Parent 2015	Parent 2014
Sale of scrap	31	53	0	0
Management fee from subsidiaries	0	0	827	790
Rental income	99	118	0	0
Other	58	43	0	0
	188	214	827	790

Note 7. Financial income

	Group 2015	Group 2014	Parent 2015	Parent 2014
Dividends from investments in subsidiaries	0	0	1.200	1.000
Foreign currency exchange gain	1.604	464	0	0
Interest income	23	3	0	0
Interest income from subsidiaries	0	0	49	205
Other	113	0	0	0
	1.740	467	1.249	1.205

Note 8. Financial expenses

	Group 2015	Group 2014	Parent 2015	Parent 2014
Impairment of investments in subsidiaries	0	0	0	0
Foreign currency exchange loss	1.926	304	1.926	192
Interest expenses	1.503	1.697	935	1.056
Interests expenses to parent company	0	0	0	0
Other	1.182	423	751	215
	4.611	2.423	3.612	1.462

Notes

Note 9. Income taxes	Group 2015	Group 2014	Parent 2015	Parent 2014
Tax in the Statement of income	USD´000	USD´000	USD´000	USD´000
Estimated tax on the taxable income for the year	0	0	0	0
Income tax, carry back refund	(1.104)	0	(592)	0
Adjustments prior years	143	0	143	0
Foreign tax	1.063	513	0	0
FX adjustment	(161)	0	(161)	0
Change in deferred tax	(1.278)	(1.516)	(507)	(261)
	(1.337)	(1.003)	(1.117)	(261)
Tax in the Statement of comprehensive income				
Net adjustments of cash flow hedges	148	(373)	74	(24)
	148	(373)	74	(24)
Reconciliation of tax rate				
Danish tax rate	24,5%	24,5%	24,5%	24,5%
Adjustment relating to previous years	-3,5%	0,0%	-6,0%	0,0%
Adjustment carry back refund	3,7%	0,0%	3,4%	0,0%
Permanent differences	-0,1%	10,0%	7,6%	52,0%
Foreign currency exchange differences	8,2%	0,4%	17,9%	-0,4%
Effective tax rate	32,7%	34,9%	47,3%	76,1%

Tax paid during the tax year amounts to USD 224 thousand exclusive of interest surcharges.
Provision for current tax on the profit for the year has been made at USD 0 thousand.

Note 10. Intangible assets

Group

USD´000	Goodwill	Development costs	Customer relations	License rights and patents	Total
Cost at 1/1 2014	28.602	18.097	2.400	2.051	51.150
Disposal at cost	0	(747)	0	0	(747)
Additions	0	3.146	0	220	3.366
Cost at 31/12 2014	28.602	20.496	2.400	2.271	53.770
Amortisation at 1/1 2014	0	295	239	84	618
Disposals	0	(747)	0	0	(747)
Amortisation	0	7.109	240	107	7.456
Amortisation at 31/12 2014	0	6.657	479	191	7.327
Carrying amount at 31/12 2014	28.602	13.839	1.921	2.080	46.442
Cost at 1/1 2015	28.602	20.496	2.400	2.271	53.770
Disposal at cost	0	0	0	0	0
Additions	0	2.480	0	157	2.637
Cost at 31/12 2015	28.602	22.976	2.400	2.428	56.406
Amortisation at 1/1 2015	0	6.657	479	191	7.327
Disposals	0	0	0	0	0
Amortisation	0	6.536	240	124	6.901
Amortisation at 31/12 2015	0	13.193	719	315	14.228
Carrying amount at 31/12 2015	28.602	9.783	1.681	2.113	42.178

At December 31 2015 the balance of 9.783 KUSD regarding development costs contains 4 significant projects with a total value of 3.483 KUSD of which 1 project has not been released yet.

Amortisation and writedowns of intangible assets are included in production costs.

In 2015 there has not been any indication of need to make any impairment of intangible assets.

Goodwill is allocated on the two cash generating units Global Scanning Denmark A/S, USD 18.494 thousand and Global Scanning UK Ltd., 10.108 thousand which is unchanged from 2014.

Management has at 31 December 2015 prepared impairment tests for each cash generating unit based on a value in use approach. Basis for the impairment test is a two year budget period and a 2% terminal growth rate was used, and the calculated future cash flows discounted with a pre-tax discount rate of 8,7%.

The impairment tests have not resulted in any impairment.

Notes

Note 11. Property, plant and equipment

USD´000	Group				
	Land and Buildings	Leasehold	Plant and Equipment	Other plant, operating equipment etc.	Total
Cost at 1/1 2014	4.452	311	410	2.277	7.451
Disposal at cost	0	0	0	(3)	(3)
Additions	(0)	11	63	653	727
Cost at 31/12 2014	4.452	322	473	2.928	8.175
Depreciation and writedowns at 1/1 2014	385	269	157	763	1.575
Disposals	0	0	0	(3)	(3)
Depreciation	384	45	154	925	1.508
Depreciation and writedowns at 31/12 2014	769	314	311	1.686	3.080
Carrying amount at 31/12 2014	3.683	8	162	1.242	5.094
Cost at 1/1 2015	4.452	322	473	2.928	8.175
Disposal at cost	0	(4)	0	(146)	(151)
Additions	10	724	38	699	1.471
Cost at 31/12 2015	4.462	1.042	511	3.480	9.495
Depreciation and writedowns at 1/1 2015	769	314	311	1.686	3.080
Disposals	0	(4)	0	(90)	(94)
Depreciation	385	58	133	764	1.340
Depreciation and writedowns at 31/12 2015	1.154	368	445	2.359	4.326
Carrying amount at 31/12 2015	3.308	674	67	1.121	5.169

In 2015 there has not been any indication of need to make any impairment of tangible assets

Note 12. Investments in subsidiaries

The fiscal year´s investments in and value adjustments of investment in subsidiaries, which are financial assets, are specified as follows:

USD´000	Parent Investment in subsidiaries
Cost at 1/1 2014	59.165
Additions	0
Cost of acquisition	0
Cost at 31/12 2014	59.165
Impairment at 1/1 2014	(5.800)
Impairment during the year	0
Impairment at 31/12 2014	(5.800)
Carrying amount at 31/12 2014	53.365
Cost at 1/1 2015	59.165
Cost at 31/12 2015	59.165
Impairment at 1/1 2015	(5.800)
Impairment during the year	0
Impairment at 31/12 2015	(5.800)
Carrying amount at 31/12 2015	**53.365**

USD '000	Domicile	Currency	Nominal capital	Interest (%)	Equity	Net profit/loss
Global Scanning Denmark A/S	Denmark	USD	3.401	100%	2.158	(315)
Contex Americas Inc.	USA	USD	0	100%	(2.021)	(469)
Global Scanning UK Ltd.	Great Britain	USD	21	100%	4.938	1.759
Global Scanning Suzhou Co. Ltd.	China	USD	226	100%	5.410	1.449
Colortrac Inc.	USA	USD	1	100%	1.464	667

Notes

Note 13. Inventories

Movements in the provision for impairment of inventory were as follows:	Group USD'000	Parent USD'000
Cost at 1/1 2014	(869)	0
Adjustment	(42)	0
Cost at 31/12 2014	(911)	0
Adjustment	130	0
Cost at 31/12 2015	(781)	0

This expense is included in production costs.

The book value of inventory provisioned for measured at net realisable cost at 31 December 2015 to USD 40 thousand (2014: USD 428 thousand).

Cost of goods sold in 2015 amounted to USD 24.919 thousand (2014: USD 28.917 thousand)

Note 14. Trade receivables

Trade receivables are non-interest bearing and generally on 30-60 days terms.

As at 31 December 2015, trade receivables at nominal value of USD 100 thousand (2014: 142 thousand) were impaired for.

Movements in the provision for impairment of receivables were as follows:	
Cost at 1/1 2014	125
Disposals	0
Additions	17
Cost at 1/1 2015	142
Disposals	-140
Additions	98
Cost at 31/12 2015	100

Analysis of trade receivables that were past due but not impaired at 31 December 2015

	Total	Neither past due nor Impaired	Past due but not impaired	
			<60 days	>60 days
2014	6.381	4.725	1.252	404
2015	5.539	4.401	710	428

	Group		Parent	
Note 15. Deferred tax	2015 USD'000	2014 USD'000	2015 USD'000	2014 USD'000
Analysis of deferred tax:				
Property, plant and equipement	133	303	0	0
Intangible assets	2.656	3.833	0	0
Inventories	66	122	0	0
Prepaid expenses	58	0	0	0
Other	(30)	(30)	0	0
tax loss carried forward	(1.234)	(1.501)	(1.177)	(744)
	1.650	2.727	(1.177)	(744)

	Group			Parent		
	Deferred tax	Income taxes payable	Tax in income statement	Deferred tax	Income taxes payable	Tax in income statement
Opening balance of 1 January 2015	2.727	(412)	0	(744)	0	0
Income taxes received (paid)	0	0	0	0	0	0
Foreign taxes received (paid)	0	(224)				0
Calculated foreign tax	0	1.219	1.063			0
Estimated tax on the taxable income for the year	0	0	0			0
Change in deferred tax	(1.077)	0	(1.278)	(1.027)	0	(507)
Income tax, carry back refund	0	(1.104)	(1.104)	592	(609)	(592)
Adjustments prior years	0	0	143	(143)	0	143
FX adjustment	0	(1)	(161)	145	0	(161)
Closing balance as of 31 December 2015	1.650	(521)	(1.337)	(1.177)	(609)	(1.117)

Notes

Note 16. Bank loans, Bonds, Mortgage debt and other bank debt

The debt is due for repayment in the following order:

	Group 2015 USD'000	Group 2014 USD'000	Parent 2015 USD'000	Parent 2014 USD'000
Within 1 year (bank loans)	3.780	26.301	0	18.019
Between 1 and 5 years (bonds)	23.025	0	23.025	0
After 5 years	0	0	0	0
	26.806	26.301	23.025	18.019

For the issued bonds certain terms and conditions apply regarding negative pledge, yearly incurrence test (covenants) and change of controls.

Note 17. Income taxes

	Group 2015	Group 2014	Parent 2015	Parent 2014
Estimated income taxes	387	(412)	0	0
Tax receivable	(911)	0	(609)	0
Due in subsidaries	3	0	0	0
	(521)	(412)	(609)	0

Note 18. Contingent liabilities and security for loans

The company´s other financial obligations mainly relate to operating leases for office premises and operating equipment.

	Group 2015	Group 2014	Parent 2015	Parent 2014
Within 1 year	314	211	0	0
Between 1 and 5 years	250	261	0	0
After 5 years	0	0	0	0
	564	472	0	0
Total expenditure charged to the Income statement	459	357	0	0

Pledged assets for loans at Nordea Bank

The owner´s mortgage deed in the properties nominally USD 9.830 thousand (2014: USD 11.026) is pledged to banks in Global Scanning Denmark A/S and in Global Scanning A/S.

	Group 2015	Group 2014	Parent 2015	Parent 2014
Carrying amount of land and buildings	3.308	3.683	0	0

Pledged assets for bonds

As security for the parent company´s bond debt, nominally USD 23.025 thousand (2014: USD 0 thousand), the following assets are pledged:

	Group 2015	Group 2014	Parent 2015	Parent 2014
Investments in subsidiaries (share-pledge)	0	0	53.366	0
Receivable from group enterprises	0	0	6.536	0
	0	0	59.902	0

The subsidiary Global Scanning Denmark A/S has entered into a new credit agreement with Nordea Bank Danmark A/S with a variable credit line of up to DKK 35 million and an over the counter facility of up to DKK 25 million. Global Scanning Denmark A/S has given Nordea Bank Danmark A/S a security in inventories and trade receivables for DKK 10 million. The value of inventories and trade receivables as per 31 December 2015 is USD 6,043 thousand. Furthermore the associated company Global Scanning UK Limited has given Nordea Bank Danmark A/S a security in all assets for the above mentioned arrangement between the company and Nordea Bank Danmark A/S. The value of assets in Global Scanning UK Limited is USD 4,905 thousand.

Contingent liabilities

In 2012/13, the parent company joined the joint taxation arrangement with the Danish subsidiary Global Scanning Denmark A/S which is management company and other Danish group entities, thus becoming jointly and severally liable with these entities for payment on income taxes and withholding tax in the group of jointly taxed entities.

Note 19. Foreign currency

Foreign currency risks

As a result of the operation in Denmark, the Group is exposed to a risk in cash flow from foreign currencies and in the balance sheet and can be affected by movements in the USD/DKK and USD/EUR foreign exchange rates. The foreign currency in the balance sheet have been specified below:

USD´000

Currency	Assets 2015	Assets 2014	Liabilities 2015	Liabilities 2014	Net 2015	Net 2014
DKK Danish kroner	227	269	5.957	3.254	(5.730)	(2.985)
SEK Swedish kroner	0	0	23.753	0	(23.753)	0
RMB Renminbi	4.954	2.958	656	2.694	4.297	264
EUR Euros	493	1.114	22	79	471	1.035
GBP Pound	1.167	705	796	455	371	250
JPY Japanese Yen	918	836	677	573	241	263
Other currencies	91	120	20	38	71	82
	7.849	6.001	31.881	7.092	(24.031)	(1.090)

Impact on the results of operations and changes in shareholders' equity resulting from a change of the Group's primary foreign currencies are shown below. The changes in exchange rates are based on the year's actual foreign exchange rate movements:

Notes

Note 19. Foreign currency (continued)

Million USD	Exchange rate adjustment	Pre-tax profit 2015	Equity 2015	*Pre-tax profit* 2014	*Equity* 2014
DKK Danish kroner	+/- 10%	-0,5	-0,4	-0,3	-0,2
SEK Swedish kroner	+/- 10%	-2,0	-1,5		
RMB Renminbi	+/- 10%	0,4	0,3	0,0	0,0
EUR Euros	+/- 10%	0,0	0,0	0,1	0,1

Note 20. Cash flow hedges

At 31 December 2015, the Group held forward exchange contracts in order to hedge future costs in Danish Kroner covering a period of 1-12 months for which the Group has firm commitments. The forward contracts are being used to hedge the foreign currency risk of firm commitments.

The terms of the outstanding forward contracts were as follows:

2014	Latest maturity date	Average Exchange rate (USD/ DKK)	Market Value USD'000	Unrealised gain/loss USD'000
Forward exchange contracts to hedge expected future purchases				
Purchase				
DKK 80.4 million	31-12-2015	562,40	(1.151)	(1.151)

2015	Latest maturity date	Average Exchange rate (USD/ DKK)	Market Value USD'000	Unrealised gain/loss USD'000
Forward exchange contracts to hedge expected future purchases				
Purchase				
DKK 22.3 million	31-05-2016	556,82	(739)	(739)

In the year ended 31 December 2015 the Group realised loss from the expiry of forward contracts held during the year totalled USD 1.7 million (USD 0.0 million realised gain in 2014).

The Group's unrealised loss from the forward rate contracts entered into for hedging purposes is taken directly to equity.

The terms of the outstanding swap contracts:

2014	Latest maturity date	Average interest rate (USD/ DKK)	Market value USD'000	Unrealised gain/loss USD'000
Swap contracts to hedge variable interest rates and currency on principal and installments on loans in DKK				
Hedged principal				
DKK 50.7 millions	29-12-2017	4,92%	-822	-77
DKK 40.0 millions	29-12-2017	6,13%	-720	-133
DKK 53.6 millions	29-12-2017	5,20%	-731	-237
Total			-2.273	-447

2015

Swap contracts to hedge variable interest rates and currency on principal and installments on loans in DKK

Outstanding swap contracts were closed in December when the loans in DKK were repaid to Nordea Bank Danmark A/S.

In the year, the Group recognized a loss from the fair value hedge part of the loan swap contracts of USD 2.9 million (USD 3.3 million realised loss in 2014).

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2015, the Group held solely derivative financial instruments that were measured at fair value using Level 2 valution techniques. The Group enters into derivative financial instruments with various counterparties composed of financial institutions. The derivative financial instruments are measured using valuation techniques with market observable inputs. The most frequently applied techniques for valuation of forward contracts and interest swap contracts are present value calculations based on foreign exchange spot rates and interest rate curves among others. Fair values are based on fair value reports from financial institutions.

Notes

Note 21. Financial assets and liabilities

	Group		Parent	
	2015	2014	2015	2014
Loans and receivables measured at amortized cost				
Trade accounts receivables	5.439	6.239	0	0
Receivable from Subsidiary company	0	0	6.744	3.967
Cash	5.218	4.734	0	0
Total loans and receivables measured at amortized cost	10.657	10.973	6.744	3.967

There are no significant differences between the carrying amounts and the fair values of the asset.

	Group 2015	Group 2014	Parent 2015	Parent 2014
Financial liabilities measured at amortized cost				
Mortgage debt and other bank debt	0	24.475	0	16.899
Bonds	23.025	0	23.025	0
Bank debt	3.780	387	0	0
Trade payables	4.777	4.389	0	415
Payables to parent company	0	0	415	217
Total financial liabilities measured at amortized cost	31.582	29.252	23.440	17.531
Derivative financial instruments measured at fair value				
Foreign exchange forward contracts	739	1.110	0	0
Loan swaps	0	2.273	0	1.422
Total Derivative financial instruments measured at fair value	739	3.383	0	1.422

Carrying amount and fair value of the company´s financial instruments that are carried in the financial statements are not shown separately as book values in all material respect are the same.

Note 22. Share capital and reserves

Share capital with nominal value USD 164.098 is distributed in 405,146 shares in shares in Class A, 390,943 shares in Class B and 133,570 shares in Class C with a domination of USD 0,18.

All shares are fully paid.

	Class A shares	Class B shares	Class C shares	Total
Opening balance of 1 January 2014	405.146	390.943	0	796.089
Addition from capital increases	0	0	133.570	133.570
Closing balance as of 31 December 2014	405.146	390.943	133.570	929.659
Addition from capital increases	0	0	0	0
Closing balance as of 31 December 2015	405.146	390.943	133.570	929.659

Shares in class B earns annually right to a preferential dividend of 8% up to USD 1.348 thousand on the equity and previous years calculated preferential dividend.
As per December 31 2015 the preferential dividend right amounts to USD 4.106 thousand (2014: USD 2.554 thousand).

Shares in class C earns annually right to a preferential dividend of 10% up to USD 602 thousand on the equity and previous years calculated prefential dividend.
As per December 31 2015 the preferential dividend right amounts to USD 997 thousand (2014: USD 359 thousand).

We refer to section "capital structure" in the management review for a description of the entity´s objectives, policies and processes for managing capital.

Notes

Note 23. Financial risk - management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank loans, overdraft and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency exchange contracts. The purpose is to manage the currency risks arising from the Group´s operations.

Foreign currency risk is described in note 19 and cash flow risk is described in note 20.

The Group´s financial aims are to ensure adequate funds to cover the Group´s operations and to comply with the demands from the owners and agreed-upon terms of the loans.

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and insured through a credit insurance company. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Credit risk arising from the other financial assets of the Group, which primarily comprise cash and trade receivables, the Group´s exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank loans with variable interest rates.

At December 31 2015 the Group bank debt is 3.780 KUSD (2014: 387 KUSD) which is use of bank overdrafts at a interest rate of 4,3%.

At December 31 2015 the Group debt on long term corporate bonds is 23.025 KUSD (2014: 0 KUSD) at an interest rate of 8,5% + STIBOR.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Group´s objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, capital increases etc. The Group´s policy is to maintain a balanced relation between its short-term and long-term debt.

Note 24. Related party transactions

Group

Related parties with material interest include the Board of Directors and Executive Board of the Company and key employees and their related family members. Futhermore related parties include companies in which the aforementioned persons have a material interest. Refer to note 5.2.

Parent

The company is controlled by Procuritas Capital Investors V LP, which owns 95.5% of the share capital.

The company´s balances with subsidiaries and parent at 31 December are recognised and presented separately in the balance sheet and related interest income is presented in note 7.

In 2015 the parent company has invoiced management fee to its subsidiaries at a total sum of 827 KUSD (2014: 790 KUSD).

All transactions with related parties have been performed on arms lenght basis.