

# Global Scanning A/S

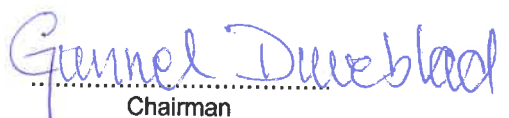
Svanevang 2, 3450 Allerød

CVR nr. 34 61 31 41

## Annual Report

for the financial period 1 January 2016 – 31 December 2016  
4th financial year

Adopted at the Annual General Meeting of shareholders  
on 19 April 2017

  
Chairman

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## 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)

### Executive Board

Graham James Ohn Tinn (CEO)

### Shareholders holding 5% or more of the share capital or the voting rights

Procuritas Capital Investores V LP

Percentage  
92,5%

### Ultimative parent

Procuritas Capital Investors V LP, Guernsey

### 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 2016 - 31 December 2016.

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

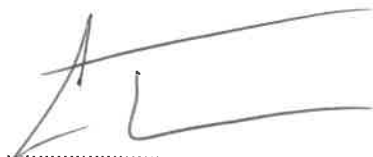
It is our opinion that the consolidated financial statements and the parent company's financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2016 and of the results of the Group's and the Company's operations and of the Group's cash flows for the financial year the financial period 1 January 2016 - 31 December 2016.

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, 19 April 2017

Executive board:



.....  
Graham James Ohn Tinn  
(CEO)

Board of Directors:



.....  
Gunnel Ellinor Duveblad  
Chairman



.....  
Tomas Håkan Therén



.....  
Oskar Emanuel Lindholm



.....  
Anne Raaen Rasmussen



.....  
Søren Thuan Jensen  
Employee elected

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Scanning A/S

### Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Global Scanning A/S for the financial year 1 January – 31 December 2016, which comprise an 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 requirements of the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and Parent Company at 31 December 2016, and of the result of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 2016. These matters were addressed in the context of our audit of the consolidated financial statements and parent financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matters is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements and the Parent Company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements and the Parent Company financial statements.

### Goodwill - Recoverability of the carrying value

Goodwill represents 48% of the Group's assets and 100% of the Group's equity. As required by applicable accounting standards in relation to goodwill with an indefinite lifetime, Management conducts an impairment test on an annual basis to identify if the carrying value of goodwill is considered to be impaired. Management determines the recoverable amount utilising a discounted cash flow model with a six-year projection and a terminal value. Management uses assumptions in respect of future market and country risks and economic conditions such as economic growth, discount rate, revenue and margin development.

We assessed the Group procedure for budget process, including considered the accuracy of management's forecasting process by comparing budgeted results to actual performance of the CGU. We assessed the consistency of the assumptions used in Management's cash flow forecasts in determine the recoverable amount of the business. Further we have verified the mathematical accuracy of the cash flow model.

We also assessed the adequacy of the disclosures in Note 11 Intangible assets compared to the applicable accounting standards.

### Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements or the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on our procedures, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's Review.

#### **Management's Responsibilities 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 requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and Parent Company Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and Parent Company Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

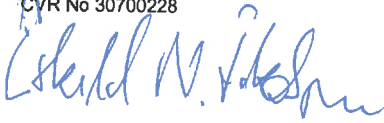
- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statement and the Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 19 April 2017  
Ernst and Young  
Godkendt Revisionspartnerselskab  
CVR No 30700228



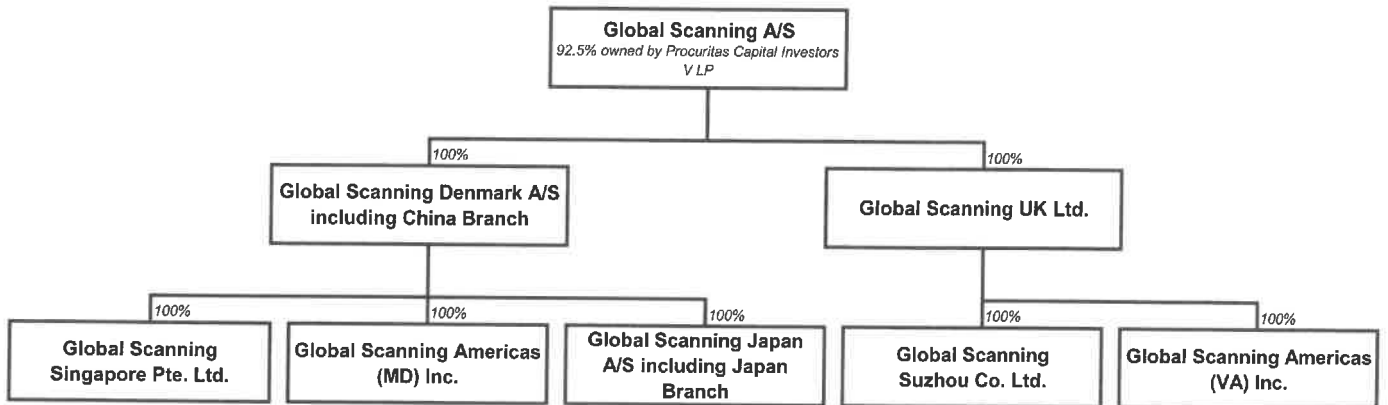
Eskild N. Jakobsen  
State Authorised Public Accountant



Alex Petersen  
State Authorised Public Accountant

## Financial highlights

## Global Scanning A/S - Legal Entities



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

Key figures group	2016	2015	2014	2012/13
<b>Profit &amp; Loss</b>				
Revenue	41.623	46.016	53.000	39.016
Operating profit	(2.337)	(1.215)	(917)	(4.070)
Net financials	(453)	(2.871)	(1.956)	(2.414)
Net profit/loss for the year	(2.282)	(2.749)	(1.871)	(5.618)
<b>Cash Flows</b>				
Cash flows from operating activities	2.169	4.475	8.668	8.203
Cash flow to net investments	(4.130)	(4.108)	(4.093)	(57.669)
Net cash flow for the year	(1.960)	(2.909)	5.144	(797)
Cash and cash equivalents at year-end	(522)	1.438	4.347	(797)
<b>Balance sheet</b>				
Total equity	28.658	29.253	31.545	28.562
Total assets	60.153	66.805	70.769	74.710
Solvency Ratio	47,6%	43,8%	44,6%	38,2%
Exchange rate per balance sheet date DKK/USD	7,05	6,86	6,11	5,41
Average number of employees	203	202	219	225

## Key figures and ratio explanations and definitions

The financial highlights and ratios are defined and calculated in accordance with the guidance from the Danish Finance Society regarding the calculation of financial highlights and ratios: "Recommendations & Financial Ratios 2015".

Solvency Ratio: (Total shareholder's equity) / (Total Equity and Liabilities)



## 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 Context 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 41.623 thousand down from USD 46.016 thousand in 2015.

The operating profit is a deficit of USD 2.337 thousand (USD 1.215 thousand in 2015) influenced by non-recurring costs including severance payment and sale of buildings and machinery of USD 2.164 thousand to move the production in Denmark to our facility in China and a positive exchange gain from bond debt USD 1.653 thousand, due to decrease in SEK compared to USD. Furthermore, the Group invested in technical and market research in the area of 3D scanning and other 3D applications.

The deficit for the year before tax is USD 2.789 thousand against a loss of USD 4.086 thousand in 2015.

The net result before tax for the year in the parent company amounts to a profit of USD 2.417 thousand (USD 2.364 thousand loss in 2015) which mainly consists of dividend from subsidiaries and a positive exchange gain from bond debt USD 1.653 thousand, due to decrease in SEK compared to USD.

### Financial position

#### Liquidity and capital resources

The balance sheet total at 31 December 2016 was USD 60.153 thousand compared to USD 66.805 thousand in 2015. Cash and cash equivalents at 31 December 2016 is negative by USD 522 thousand and the unused credit facilities total USD 2.458 thousand. A receivable of USD 912 thousand at 31 December 2016 can be attributed to the sale of the Danish factory and was released to cash in January.

Our bank arrangement with Nordea will change from a corporate relationship to a branch relationship during first quarter 2017. As there will be limited need for a credit facility going forward the credit facility of 35 MDKK will be reduced until the end of first quarter 2017 to a level around 10 MDKK starting with a reduction in December 2016 of 7 MDKK.

Movements in the DKK/USD rate during 2017 can have a limited impact on the Group's operating profit.

### Capital structure

#### Equity and gearing

The Company's capital structure is as follows:

	2016 USD'000	2015 USD'000
<b>Debt</b>		
Interest-bearing loans and other borrowings	24.709	26.805
Cash	<u>2.585</u>	<u>5.218</u>
Net debt	22.124	21.587
Total equity	<u>28.657</u>	<u>29.253</u>
Total capital employed	<u>50.781</u>	<u>50.840</u>

**Debt profile**

The Company's debt profile is as follows:

	2016 USD'000	2015 USD'000
Short-term liabilities:		
Bank loan	0	0
Bank debt	3.108	3.780
Long-term liabilities other than provisions:		
Bonds (Redemption December 2019)	21.602	23.025
Other non-current liabilities	0	0
	<u>24.710</u>	<u>26.805</u>

**Research and development**

Research and development expenses in 2016 amounted to USD 6.648 thousand (2015: USD 6.138 thousand) equal to 16.0% of the revenue (2015: 13.3%). The Group has, during the year, developed new product platforms for both scanners and software. Of the costs incurred USD 2.510 thousand was capitalized.

In 2016 R&D has focused on developing and introducing 2 new platforms, covering the low segment convenience marked and a new low cost flatbed platform for specialized scanning. All major software platforms have been modernized and are now fully up to date. At the same time, more and more resources have been used to explore the world of 3D scanning. We have acquired a 3D online sharing platform and plan to combine our upcoming 3D hardware with this platform to create new innovative products in this space.

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.

**Risk Management**

At Global Scanning risk management is an integrated part of the operational activities with a view to reducing the uncertainty of the Group's strategic objectives being met.

The key risks are summarized by the following main areas:

- Industry and market risks
- Financial risks (currency, interest rates, liquidity)
- Credit risks (financial institutions and commercial receivables)
- Environmental risks

A detailed description of the Group's risks is provided in note 23. Financial risk – management objectives and policies.

**Industry and market risks**

Global Scanning minimizes industry and market risks through (1) using numerous routes to market under a number of different brands which include two own brands in parallel with OEM contracts with major global suppliers; (2) continuing to invest in research and development to ensure the company's technology base and products are state-of-the-art; and (3) manufacturing in a low cost environment to ensure products carry a low cost and can be competitively priced.

**Environmental risks**

Global Scanning manages risks concerning the environment by (1) ensuring the company's manufacturing operations are fully compliant with relevant international standards and (2) ensuring that all of the company's products meet relevant international standards.

**Control and risk management measures in connection with the presentation of accounts**

The Company's internal control and risk management systems in connection with the presentation of the accounts are as outlined below.

**Control measures**

The Company has established a formal corporate report process to incorporate monthly reporting such as a budget follow up, an assessment of performance and compliance of agreed targets. In addition to this a central corporate function is responsible for the control of reports from subsidiaries.

It is not the Board of Directors assessment that the establishment of an internal auditing department is warranted at present in view of the limited complexity of

the company and the transparency in reporting.

#### **Information and communication**

The Board of Directors emphasize that whilst observing the confidentiality of a listed company an open communication exist within the corporation and that each individual is familiar with their role in the internal control.

Business units have been established within the corporation; each with the responsibility for their own strategies, action plans and budgets. This division ensures an efficient follow up and distribution of responsibility within the corporation.

The Company does not have a formal accounting manual in view of the limited complexity of the company but reporting instructions are continually updated and communicated to all relevant employees.

The instructions include entry instructions and procedures for balancing of accounts and analysis, control of assets as well as a policy for the granting of credit and approval of fixed asset investment. Major changes are communicated to all financial controllers in writing. The corporate information system has been designed to continuously gather and communicate relevant information, reports etc. while observing the confidentiality of a listed company, to enable individuals to perform their duties and controls in an efficient and reliable manner.

#### **Supervision**

Ongoing evaluation of management takes place on all levels of the corporation. The scope and frequency of the periodic evaluation depend largely on a risk assessment and the efficiency of the ongoing evaluation. The elected auditors report significant weaknesses in the internal control measures in connection with presentation of accounts to the board of directors through the audit minutes. Minor issues are reported in Management Letters to the directors who then brief the Board of Directors.

The Board of Directors meets with the auditors annually without management attendance.

#### **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.

In 2017 the Group expects the revenue to be in line with 2016 and a result that shows a small positive net result.

The outlook is based on the following underlying assumptions:

- Efficiency improvement in the production setup
- Expectation of stable market conditions on the 2D scanning market
- Unchanged f/x correlation between USD/SEK/DKK

#### **Subsequently events**

No post balance sheet events have occurred which could materially affect the assessment of the Group's financial position.

#### **Management Duties**

##### **Board of Directors**

Gunnel Ellinor Duveblad (Chairman)

- Team Olivia Group AB (Chairman)
- HiQ International AB (Chairman)
- Foundation Ruter Dam (Chairman)
- Sweco AB (Board Member)
- Dustin Group AB (Board Member)
- PostNord AB (Board Member)
- Medius AB (Board Member)
- Accessio AB (Board Member)

Tomas HåkanThéren

- Procuritas Capital Investors VI Holding AB (Board Member)
- SEM AB (Board Member)
- Gram Equipment A/S (Board Member)

Oskar Emanuel Lindholm

- Pierce Holding AB (Board Member)
- PCI Holdco A/S (Board Member)

Anne Raaen Rasmussen

- Solgaarden Holding ApS (Chief Executive Officer)

Søren Thuun Jensen

- None

#### **Corporate Social Responsibilities**

No CSR policy including separate policies for human rights and reduction of environmental and 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 profit and loss  
for the year ended 31 December**

	Notes	Group		Parent	
		2016 USD '000	2015 USD '000	2016 USD '000	2015 USD '000
Revenue		41.623	46.016	0	0
Production costs	6	(37.567)	(37.251)	0	0
<b>Gross profit</b>		<b>4.057</b>	<b>8.765</b>	<b>0</b>	<b>0</b>
Distribution costs	6	(4.218)	(5.758)	0	0
Administrative expenses	6	(2.833)	(4.410)	(533)	(827)
Other operating income	7	658	188	398	827
<b>Operating profit</b>		<b>(2.337)</b>	<b>(1.215)</b>	<b>(135)</b>	<b>0</b>
Financial income	8	1.975	1.740	4.765	1.249
Financial expenses	9	(2.427)	(4.611)	(2.213)	(3.612)
<b>Pre-tax profit</b>		<b>(2.789)</b>	<b>(4.086)</b>	<b>2.417</b>	<b>(2.364)</b>
Income taxes	10	528	1.337	167	1.117
<b>Net profit for the year</b>		<b>(2.262)</b>	<b>(2.749)</b>	<b>2.584</b>	<b>(1.246)</b>

**Statement of comprehensive Income**

	Notes	Group		Parent	
		2016 USD '000	2015 USD '000	2016 USD '000	2015 USD '000
<b>Net profit for the year</b>		<b>(2.262)</b>	<b>(2.749)</b>	<b>2.584</b>	<b>(1.246)</b>
<b>Other comprehensive income</b>					
<b>Other comprehensive income to be reclassified to profit and loss in subsequent periods</b>					
Valuation adjustment for the year, cash flow hedges		(359)	(1.755)	0	(19)
Valuation adjustment reclassified to production, distribution and administrative costs		677	1.747	0	0
Valuation adjustment reclassified to financial items		0	613	0	322
Income tax effect		(159)	(148)	0	(74)
<b>Total comprehensive income for the year, net of tax</b>		<b>(2.102)</b>	<b>(2.292)</b>	<b>2.584</b>	<b>(1.018)</b>

**Balance sheet**  
at 31 December

	Notes	Group		Parent	
		2016 USD'000	2015 USD'000	2016 USD'000	2015 USD'000
<b>Assets</b>					
<b>Non-current assets</b>					
Goodwill		28.602	28.602	0	0
Development costs		7.682	9.783	0	0
Customer relations		2.448	1.681	0	0
License rights and patents		2.069	2.113	0	0
<b>Total intangible assets</b>	11	<u>40.801</u>	<u>42.178</u>	<u>0</u>	<u>0</u>
<b>Property, plant and equipment</b>					
Land and buildings		1.718	3.308	0	0
Leasehold improvements		753	674	0	0
Plant and machinery		6	67	0	0
Other plant, operating equipment etc.		836	1.121	0	0
<b>Total property, plant and equipment</b>	12	<u>3.313</u>	<u>5.169</u>	<u>0</u>	<u>0</u>
<b>Financial assets</b>					
Investments in subsidiaries	13	0	0	53.366	53.366
Receivable from group enterprises		0	0	6.930	0
Deferred tax assets	16	0	0	479	1.177
Other long term assets		116	87	0	0
<b>Total financial assets</b>		<u>116</u>	<u>87</u>	<u>60.775</u>	<u>54.543</u>
<b>Total non-current assets</b>		<u>44.230</u>	<u>47.435</u>	<u>60.775</u>	<u>54.543</u>
<b>Current assets</b>					
<b>Inventories</b>					
Raw materials and consumables		4.069	4.729	0	0
Work in progress		0	116	0	0
Finished goods		2.670	2.158	0	0
<b>Total inventories</b>	14	<u>6.739</u>	<u>7.003</u>	<u>0</u>	<u>0</u>
<b>Receivables</b>					
Trade receivables	15	4.584	5.439	0	0
Receivable from group enterprises		0	0	2.929	6.744
Other receivables		912	0	0	0
Income tax receivable	18	0	521	0	609
Prepayments		1.102	1.189	6	6
<b>Total receivables</b>		<u>6.598</u>	<u>7.150</u>	<u>2.935</u>	<u>7.359</u>
<b>Cash and cash equivalents</b>		<u>2.585</u>	<u>5.218</u>	<u>0</u>	<u>0</u>
<b>Total current assets</b>		<u>15.923</u>	<u>19.370</u>	<u>2.936</u>	<u>7.359</u>
<b>Total assets</b>		<u>60.153</u>	<u>66.805</u>	<u>63.711</u>	<u>61.902</u>

**Balance sheet**  
at 31 December

	Notes	Group		Parent	
		2016 USD'000	2015 USD'000	2016 USD'000	2015 USD'000
<b>Equity and liabilities</b>					
<b>Shareholders' equity</b>					
Share capital		171	164	171	164
Share premium		41.671	40.172	41.671	40.172
Retained earnings		(13.184)	(11.083)	169	(2.415)
Proposed dividend		0	0	0	0
<b>Total shareholders' equity</b>		<u>28.658</u>	<u>29.253</u>	<u>42.011</u>	<u>37.921</u>
<b>Liabilities other than provisions</b>					
Deferred tax	16	915	1.650	0	0
Bonds	17	<u>21.602</u>	<u>23.025</u>	<u>21.602</u>	<u>23.025</u>
<b>Long-term liabilities other than provisions</b>		<u>22.517</u>	<u>24.675</u>	<u>21.602</u>	<u>23.025</u>
Bank debt	17	3.108	3.780	0	0
Trade payables		2.693	4.777	0	0
Income taxes payable	18	58	0	0	0
Debt to group enterprises		0	0	0	415
Other liabilities		<u>3.120</u>	<u>4.320</u>	<u>98</u>	<u>541</u>
<b>Short-term liabilities</b>		<u>8.979</u>	<u>12.877</u>	<u>98</u>	<u>956</u>
<b>Total liabilities other than provisions</b>		<u>31.495</u>	<u>37.552</u>	<u>21.700</u>	<u>23.981</u>
<b>Total equity and liabilities</b>		<u>60.153</u>	<u>66.805</u>	<u>63.711</u>	<u>61.902</u>
Contingent assets and liabilities and other financial obligations	19				
Foreign currency in the balance sheet	20				
Cash flow hedges	21				
Financial assets and liabilities	22				
Share capital and reserves	23				
Financial risk - management objectives	24				
Related party transactions	25				

## Statement of changes in shareholders' equity

USD '000

	Group					Total
	Share capital	Share premium	Retained earnings	Reserve for foreign currency translation	Proposed dividend	
<b>Balance 1/1 2015</b>	164	40.172	(8.791)	0	0	31.545
Addition from capital increases	0	0	0	0	0	0
<b>Transactions with shareholders</b>	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	0	0	1.747	0	0	1.747
Valuation adjustment reclassified to financial items	0	0	613	0	0	613
Income tax effect	0	0	(148)	0	0	(148)
<b>Comprehensive income</b>	0	0	(2.292)	0	0	(2.292)
<b>Balance 1/1 2016</b>	164	40.172	(11.083)	0	0	29.253
Addition from capital increases	7	1.493	0	0	0	1.500
Options	0	6	0	0	0	6
<b>Transactions with shareholders</b>	7	1.499	0	0	0	1.506
Net profit for the year	0	0	(2.262)	0	0	(2.262)
Valuation adjustment for the year, cash flow hedges	0	0	(359)	0	0	(359)
Valuation adjustment reclassified to production, distribution	0	0	677	0	0	677
Valuation adjustment reclassified to financial items	0	0	0	0	0	0
Income tax effect	0	0	(159)	0	0	(159)
<b>Comprehensive income</b>	0	0	(2.102)	0	0	(2.102)
<b>Shareholders' equity at 31/12 2016</b>	<b>171</b>	<b>41.671</b>	<b>(13.184)</b>	<b>0</b>	<b>0</b>	<b>28.658</b>

USD '000

	Parent					Total
	Share capital	Share premium	Retained earnings	Reserve for foreign currency translation	Proposed dividend	
<b>Balance 1/1 2015</b>	164	40.172	(1.397)	0	0	38.939
Addition from capital increases	0	0	0	0	0	0
<b>Transactions with shareholders</b>	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 costs	0	0	0	0	0	0
Valuation adjustment reclassified to financial items	0	0	322	0	0	322
Income tax effect	0	0	(74)	0	0	(74)
<b>Comprehensive income</b>	0	0	(1.018)	0	0	(1.018)
<b>Balance 1/1 2016</b>	164	40.172	(2.415)	0	0	37.921
Addition from capital increases	7	1.493	0	0	0	1.500
Options	0	6	0	0	0	6
<b>Transactions with shareholders</b>	7	1.499	0	0	0	1.506
Net profit for the year	0	0	2.584	0	0	2.584
Valuation adjustment for the year, cash flow hedges	0	0	0	0	0	0
Valuation adjustment reclassified to production, distribution and administrative costs	0	0	0	0	0	0
Valuation adjustment reclassified to financial items	0	0	0	0	0	0
Income tax effect	0	0	0	0	0	0
<b>Comprehensive income</b>	0	0	2.584	0	0	2.584
<b>Shareholders' equity at 31/12 2016</b>	<b>171</b>	<b>41.671</b>	<b>169</b>	<b>0</b>	<b>0</b>	<b>42.011</b>



**Cash flow statement**

	Group		Parent	
	2016 USD '000	2015 USD '000	2016 USD '000	2015 USD '000
Operating profit/loss	(2.337)	(1.215)	(135)	0
Amortisation/Depreciation	8.175	8.241	0	0
<b>EBITDA</b>	<b>5.838</b>	<b>7.026</b>	<b>(135)</b>	<b>0</b>
Change in inventory and receivables	1.205	378	(0)	(6)
Change in trade payables	(2.084)	387	0	0
Change in other current liabilities	(1.083)	(1.271)	(1.059)	(2.359)
Interest received	8	136	578	49
Interest paid	(1.929)	(1.957)	(1.714)	(959)
Income taxes received/(paid)	213	(224)	1.761	63
<b>Cash flow from operating activities</b>	<b>2.169</b>	<b>4.475</b>	<b>(569)</b>	<b>(3.212)</b>
Additions of intangible assets	(2.569)	(2.637)	0	0
Additions of property, plant and equipment	(658)	(1.471)	0	0
Disposals of property, plant and equipment	597	0	0	0
Acquisition of activities, net cash outflow	(1.500)	0	0	0
Dividend received	0	0	2.600	1.200
<b>Cash flow from investing activities</b>	<b>(4.130)</b>	<b>(4.108)</b>	<b>2.600</b>	<b>1.200</b>
Proceeds from borrowings	0	23.025	0	23.025
Repayment of borrowings	0	(26.301)	0	(18.019)
Change in receivables from group enterprises	0	0	(1.615)	(2.777)
Change in payables to parent company	0	0	(415)	(217)
Change in non-current liabilities	0	0	0	0
<b>Cash flow from financing activities</b>	<b>0</b>	<b>(3.276)</b>	<b>(2.030)</b>	<b>2.012</b>
<b>Net cash flow for the year</b>	<b>(1.960)</b>	<b>(2.909)</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents at 1/1 2016	1.438	4.347	0	0
Net cash flow for the year	(1.960)	(2.909)	0	0
<b>Cash and cash equivalents at 31/12 2016</b>	<b>(522)</b>	<b>1.438</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at 31/12 2016</b>	<b>2.585</b>	<b>5.218</b>	<b>0</b>	<b>0</b>
Cash	(3.108)	(3.780)	0	0
Bank debt	(522)	1.438	0	0
<b>Unutilised portion of credit facilities including cash and cash equivalents</b>	<b>2.458</b>	<b>6.541</b>		

## 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 2016 and additional disclosure requirements for annual reports of class D enterprises.

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

#### **New and amended standards and interpretations that have become operative:**

In its Annual Report for 2016, the Group 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 2016.

No standards and amendments to existing standards which are relevant to the Group have affected the financial statements for 2016.

The following standards, amendments to existing standards and interpretations have been implemented but have no effect on the Group's Annual Report:

- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization – Amendments to IAS 16 and IAS 38
- IAS 1 Disclosure Initiative – Amendments to IAS 1
- Annual Improvements to IFRSs 2012-14 Cycle

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

#### **New and amended standards and interpretations that have not yet become operative:**

The IASB has issued a number of new standards, amendments to existing standards which will become operative for financial statements covering periods beginning on or after 1 January 2017. New and amended standards are expected to be implemented by their effective dates. The following standards, amendments to existing standards and interpretations are expected to affect Global Scanning A/S' future annual reports:

- IFRS 9 Financial instruments and amendments to IFRS 9, IFRS 7 and IAS 39
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

The analysis of the expected effect of the implementation of the above standards has not yet been completed.

IFRS 15 "Revenue from Contracts with Customers", which replaces the existing revenue standards (IAS 11 and IAS 18) and interpretations, creates a new model for revenue recognition and measurement of revenue from contracts with customers. The standard becomes effective for annual periods beginning on or after 1 January 2018.

The new model is based on a five-step process which must be applied to all contracts with customers in order to identify when and how revenue is to be recognized in the income statement.

Compared to the current practice, the most significant changes in IFRS 15 are:

- Sales transactions must be recognized as revenue in the income statement when control (either at a single point in time or over time) of the goods or services is transferred to the customer (the current concept of "risk and rewards" is replaced by a concept of control).
- New and more detailed guidance on how to identify the components of a transaction in a contract and how to recognize and measure the individual components.
- New and more detailed guidance on the recognition of revenue over time.

Global Scanning A/S has performed an analysis of the potential impact of the new standard on the Group. Based on analyses of the Group's current product mix and types of contracts, it is Global Scanning A/S' assessment that the new standard will not affect the recognition and measurement of the Group's sales types which primarily consist of goods for resale and finished goods.

## Notes

### Note 1 Accounting policies, continued

Overall, based on the analyses performed, it is assessed that the effect on recognition and measurement is immaterial based on the current product mix and types of contract.

**IFRS 9 Financial instruments:** The Group has no derivative financial instruments, but only traditional financial assets and liabilities which mainly relate to trade receivables on which only a few and immaterial losses have incurred in the past and trade payables and bond loans. The implementation of the standard which becomes effective for annual periods starting on or after 1 January 2018 is therefore expected to have only limited effect.

**IFRS 16 Leases:** The Group has operating leases with minimum lease payments of approx. EUR 481 thousand, corresponding to 0.8% of the Group's assets based on which, it is assessed that the effect on recognition and measurement is immaterial. The standard becomes effective for annual periods starting on or after 1 January 2019.

In addition, the IASB has issued a number of new standards, amendments to existing standards and interpretations which are not relevant to the Group 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.

### Business combinations

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.

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.

## Notes

### Note 1 Accounting policies, continued

#### 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.

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.

## Notes

### Note 1 Accounting policies, continued

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	3-10	0%
License rights and patents	10-20	0%
Buildings	30	0%
Leasehold improvements	3	0%
Plant and machinery	4-8	0%
Other plant, 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.

### 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.

## Notes

### Note 1 Accounting policies, continued

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 and leasehold improvements. 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

#### 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.

## Notes

### Note 1 Accounting policies, continued

#### 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-bearing 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 2016 was USD 28,602 thousand (USD 28,602 thousand at 31 December 2015). 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 2016 USD 479 thousand (USD 1,177 thousand at 31 December 2015).

#### 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

No post balance sheet events have occurred which could materially affect the assessment of the Group's financial position.

#### 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 affecting 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
- The Group has in 2016 invested in 3D activities. These activities have not generated revenue in 2016.

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 majorities to sale of goods but 14% relates to rendering of services.



## Notes

### Note 4 Segment Information, continued

#### Transactions with major customers

The Group have five major customers, of which two major customers individually amount to more than 10 percent of the Group's revenue. The Group's transactions with its two major customers amount to total USD 24.504 thousand (2015: USD 25.338 thousand), corresponding to 59% (2015: 55%) of the consolidated revenue.

The revenue streams from the two major customers are of significantly different nature and accordingly the amount of revenue from each customer is not disclosed. The two major customers are of similar impact to the Group's gross profit, and in total they contribute to the Group's gross profit in the same level as they contribute to the revenue.

#### Geographic information

Revenue	2016	2015
	USD'000	USD'000
Americas	20.441	20.255
Emea	14.350	16.731
Apac	6.832	16.014
<b>Total</b>	<b>41.623</b>	<b>46.016</b>

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	2016	2015
	USD'000	USD'000
Americas	95	52
Emea	41.947	44.671
Apac	2.188	2.712
<b>Total</b>	<b>44.230</b>	<b>47.435</b>

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

Non-current assets related to 3D activity are included in the 2016 Emea amount with USD 2.417 thousand.

## Notes

### Note 5. Business combinations

On 27 June 2016, the subsidiary Global Scanning Denmark A/S acquired assets and personnel from Real Awesomesauce S.A. to explore opportunities within 3D file sharing and other collaboration services through the company's parent company Global Scanning A/S.

The acquisition includes "P3D.in", a proven cloud-based solution for sharing and editing of 3D files over the internet. Furthermore this acquisition supports the Group's future 2D product strategy, but also extends our opportunities within the emerging 3D market, allowing the company to accelerate the development and launch of future 3D products.

Recognized on the date of acquisition	USD'000
Intangible assets	3.000
Fair value of net assets	3.000
<b>Purchase consideration</b>	
Capital increase in Global Scanning A/S	1.500
Cash paid (net cash outflow)	1.500
Total consideration	3.000

No contingent consideration has been agreed.

### Note 6. Expenses

#### 6.1 Amortisation/depreciation and writedowns

Analysis of amortisation/depreciation and writedowns for the year:

	Group		Parent	
	2016 USD'000	2015 USD'000	2016 USD'000	2015 USD'000
Land and buildings	384	385	0	0
Leasehold improvements	222	58	0	0
Plant and machinery	24	133	0	0
Other plant, operating equipment etc.	599	764	0	0
Development costs	6.312	6.536	0	0
Customer relations	483	240	0	0
License rights and patents	151	124	0	0
	<u>8.175</u>	<u>8.241</u>	<u>0</u>	<u>0</u>

#### 6.2 Staff costs

The average number of staff during the year was 203 employees. (2015: 202)

Analysis of total payroll costs, etc.:

Fee to the Board of Directors	95	100	95	100
Remuneration and salaries to the Executive Management	316	902	0	0
Defined contribution plans to the Executive Management	7	69	0	0
Remuneration and salaries to key management personnel	1.085	1.010	0	0
Defined contribution plans to key management personnel	65	79	0	0
Wages and salaries	9.774	11.082	0	0
Bonuses	610	407	0	0
Defined contribution plans	899	894	0	0
Other social security costs	291	263	0	0
	<u>13.141</u>	<u>14.807</u>	<u>95</u>	<u>100</u>

In 2016, Remuneration and salaries to the executive Management consist of wages etc. to a single person. In 2015 the amount consisted of two persons, as it also included wages and severance pay to the former CEO.

#### Share based payment

In 2016 the Group established a warrant program for the CEO of the parent company, to the total of 11.223 warrants as of 31 December 2016.

Each warrant giving the right to purchase one (1) class A-share in Global Scanning A/S of nominal value of USD 0,18 at an exercise price of USD 67,22. The outstanding equals 1,13 % of the share capital should all warrants be utilized.

It is a condition that the warrant holder is not under notice at the time of utilization. Warrants may only be settled upon renewal of shares in the company. There are no other conditions to the acquisition of rights. Special conditions apply concerning illness and death as well as in the event of changes in the company's capital.

The warrants vest and must be exercised to purchase A-shares in a 20 days period prior to the expected completion of an Exit Event. An Exit Event shall mean i) change of majority shareholder, ii) IPO of the Company, or iii) a sale of all assets or all important assets of the Company to a third party within a period of 10 years from allocation time.

The average tenor on outstanding warrants as of 31 December 2016 constitute 9,8 years.

Fair value per warrant at time of allocation has been settled at USD 0 in 2016. The fair value upon allocation is estimated under the Black-Scholes model. The calculated market value amounts to USD 0 in the result for 2016.

## Notes

### Note 6. Expenses (continued)

	Group		Parent	
	2016 USD '000	2015 USD '000	2016 USD '000	2015 USD '000
<b>6.3 Audit fee</b>				
Fee for statutory audit	165	171	14	6
Fee for other assurance engagements	8	0	8	0
Fee for tax advice	62	45	7	0
Fee for non-audit services	36	3	29	0
	<u>271</u>	<u>219</u>	<u>58</u>	<u>6</u>

### 6.4 Research and development

Research and development expenses in 2016 amounted to USD 6.648 thousand (2015: USD 6.138 thousand) of which USD 2.510 thousand was capitalised.  
Net development expenses amount to USD 11.048 thousand (2015: USD 10.498 thousand).

### Note 7. Other operating income

Sale of scrap	6	31	0	0
Management fee from subsidiaries	0	0	398	827
Profit from sale of property, plant and equipment	611	0	0	0
Rental income	41	99	0	0
Other	0	58	0	0
	<u>658</u>	<u>188</u>	<u>398</u>	<u>827</u>

### Note 8. Financial income

Dividends from investments in subsidiaries	0	0	2.600	1.200
Foreign currency exchange gain	1.966	1.604	1.587	0
Interest income	1	23	0	0
Interest income from subsidiaries	0	0	578	49
Other	7	113	0	0
	<u>1.975</u>	<u>1.740</u>	<u>4.765</u>	<u>1.249</u>

### Note 9. Financial expenses

Impairment of investments in subsidiaries	0	0	0	0
Foreign currency exchange loss	0	1.926	0	1.926
Interest expenses	2.138	1.503	2.022	935
Interest expenses to parent company	0	0	0	0
Other	290	1.182	191	751
	<u>2.427</u>	<u>4.611</u>	<u>2.213</u>	<u>3.612</u>

### Note 10. Income taxes

#### Tax in the Statement of income

Estimated tax on the taxable income for the year	0	0	0	0
Income tax, carry back refund	(836)	(1.104)	(836)	(592)
Adjustments prior years	(10)	143	0	143
Foreign tax	1.226	1.063	0	0
FX adjustment	(29)	(161)	(29)	(161)
Change in deferred tax	(879)	(1.278)	698	(507)
	<u>(528)</u>	<u>(1.337)</u>	<u>(167)</u>	<u>(1.117)</u>

#### Tax in the Statement of comprehensive income

Net adjustments of cash flow hedges	159	148	0	74
	<u>159</u>	<u>148</u>	<u>0</u>	<u>74</u>

#### Reconciliation of tax rate

Danish tax rate	22,0%	24,5%	22,0%	24,5%
Adjustment relating to previous years	0,4%	-3,5%	0,0%	-6,0%
Adjustment carry back refund	-2,0%	3,7%	-2,3%	3,4%
Permanent differences	-5,3%	-0,1%	-23,6%	7,6%
Foreign currency exchange differences	3,8%	8,2%	-3,0%	17,9%
Effective tax rate	<u>18,9%</u>	<u>32,7%</u>	<u>-6,9%</u>	<u>47,3%</u>

Tax received during the tax year amounts to USD 213 thousand exclusive of interest surcharges.  
Provision for current tax on the profit for the year has been made at USD 0 thousand.

## Notes

### Note 11. Intangible assets

	Group				Total
	Goodwill	Development costs	Customer relations	License rights and patents	
<b>USD'000</b>					
Cost at 1/1 2015	28.602	20.496	2.400	2.271	53.770
Additions	0	2.480	0	157	2.637
<b>Cost at 31/12 2015</b>	<b>28.602</b>	<b>22.976</b>	<b>2.400</b>	<b>2.428</b>	<b>56.407</b>
Amortisation at 1/1 2015	0	6.657	479	191	7.327
Amortisation	0	6.536	240	124	6.901
<b>Amortisation at 31/12 2015</b>	<b>0</b>	<b>13.193</b>	<b>719</b>	<b>315</b>	<b>14.228</b>
<b>Carrying amount at 31/12 2015</b>	<b>28.602</b>	<b>9.783</b>	<b>1.681</b>	<b>2.113</b>	<b>42.178</b>
Cost at 1/1 2016	28.602	22.976	2.400	2.428	56.406
Disposal at cost	0	(2.895)	0	0	(2.895)
Additions from acquisition	0	1.750	1.250	0	3.000
Additions	0	2.461	0	108	2.569
<b>Cost at 31/12 2016</b>	<b>28.602</b>	<b>24.292</b>	<b>3.650</b>	<b>2.536</b>	<b>59.080</b>
Amortisation at 1/1 2016	0	13.193	719	315	14.228
Disposals	0	(2.895)	0	0	(2.895)
Amortisation	0	6.312	483	151	6.946
<b>Amortisation at 31/12 2016</b>	<b>0</b>	<b>16.610</b>	<b>1.202</b>	<b>466</b>	<b>18.279</b>
<b>Carrying amount at 31/12 2016</b>	<b>28.602</b>	<b>7.682</b>	<b>2.448</b>	<b>2.069</b>	<b>40.801</b>

At December 31 2016 the balance of 7.682 KUSD regarding development costs contains 6 significant projects with a total value of 5.083 KUSD of which 3 project has not been released yet.

Amortisation and writedowns of intangible assets are included in production costs. There has been no writedowns in 2016 and 2015.

In 2016 (2015) there has not been any indication of need to make any impairment of intangible assets.

Goodwill relates to the 2D activity in Global Scanning Denmark A/S and Global Scanning UK Ltd., in total USD 28.602 thousand (2015: USD 28.602 thousand).

Before 2016 impairment was tested separately for Global Scanning Denmark A/S and Global Scanning UK Ltd. Based on the fact that the two entities commercially and organizationally have been merged into one cash-generating unit the test of goodwill is from 2016 based on one cash-generating unit for the entire 2D activity.

The Group performed its annual impairment test for the cash generating unit in December 2016 (2015). The Group considers the relationship between its market capitalisation and its accounting value, among other factors, when reviewing for indicators of impairment. As at 31 December 2016, the market capitalisation of the Group's 2D activity was above the accounting value of the goodwill that relates to the 2D cash generation unit, and accordingly the impairment test has not resulted in any impairment for 2016 (2015).

The recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets for 2017, and cash flow projections for a two-year period. The two-year cash flow projections are based on a 3 year strategy plan for the 2D activity. The board of directors have approved the assumptions used for the impairment test.

The projected cash flows have been updated to reflect the current demand for products and services. The pre-tax discount rate applied to cash flow projections is 10,7% (2015: 8,3%). The increase in the pre-tax discount rate is caused by a change in the basis for determining the risk free rate. Last year the risk free rate was based on a Danish government bond and this year the risk free rate is based on a US government bond. No further significant changes in the assumptions have been made when calculating the pre-tax discount rate for 2016.

Cash flows beyond the three-year period are extrapolated using a 2,0% growth rate (2015: 2%).

#### Key assumptions used in value in use calculations

*Revenue and contribution* - Overall the future development is expected to be flat. Volumes are expected to increase and pricing generally expected to decrease. In addition, the 2D business is expected to be a steady future business, which will require less investment compared to previous periods.

*Discount rates* - Discount rates represent the current market assessment of the risks specific to the CGU. The discount rate calculation is based on the specific circumstances of the Group and its operating segment and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

*Life* - Life represent a infinite period, which is the management's best estimate for the expected length of the cash flow projection period. The assessment of growth rate and infinite period has not been changed since last year as there has been no significant change in the underlying market and business.

*Other key assumptions* - Synergies in the established common Group production setup in China for 2017 according to budget and an unchanged f/x correlation between USD/SEK/DKK has been built into the model combined with the assumption of stable market conditions on the 2D scanning market.

It is the management's assessment that no reasonable possible change in a key assumption on which the management has based its determination of the unit's recoverable amount would cause the unit's carrying amount to exceed its recoverable amount.

**Notes****Note 12. Property, plant and equipment**

Group

USD'000	Group				Total
	Land and Buildings	Leasehold Improvements	Plant and Equipment	Other plant, operating equipment etc.	
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
<b>Cost at 31/12 2015</b>	<b>4.462</b>	<b>1.042</b>	<b>511</b>	<b>3.480</b>	<b>9.495</b>
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
<b>Depreciation and writedowns at 31/12 2015</b>	<b>1.154</b>	<b>368</b>	<b>445</b>	<b>2.359</b>	<b>4.326</b>
<b>Carrying amount at 31/12 2015</b>	<b>3.308</b>	<b>674</b>	<b>67</b>	<b>1.121</b>	<b>5.169</b>
Cost at 1/1 2016	4.462	1.042	511	3.480	9.495
Disposal at cost	(2.298)	(99)	(468)	(741)	(3.606)
Additions	36	301	0	321	658
<b>Cost at 31/12 2016</b>	<b>2.200</b>	<b>1.244</b>	<b>44</b>	<b>3.060</b>	<b>6.547</b>
Depreciation and writedowns at 1/1 2016	1.154	368	445	2.359	4.326
Disposals	(1.056)	(99)	(430)	(735)	(2.320)
Depreciation	384	222	24	599	1.229
<b>Depreciation and writedowns at 31/12 2016</b>	<b>482</b>	<b>491</b>	<b>38</b>	<b>2.223</b>	<b>3.235</b>
<b>Carrying amount at 31/12 2016</b>	<b>1.718</b>	<b>753</b>	<b>6</b>	<b>836</b>	<b>3.313</b>

In 2016 and 2015 there has not been any indication of need to make any impairment of tangible assets.

**Note 13. 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 2015	59.165
Additions	0
Cost of acquisition	0
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)
<b>Carrying amount at 31/12 2015</b>	<b>53.365</b>
Cost at 1/1 2016	59.165
Cost at 31/12 2016	59.165
Impairment at 1/1 2016	(5.800)
Impairment during the year	0
Impairment at 31/12 2016	(5.800)
<b>Carrying amount at 31/12 2016</b>	<b>53.365</b>

**Notes****Note 13. Investments in subsidiaries (continued)**

USD '000	Domicile	Currency	Nominal capital	Interest (%)	Equity	Net profit/loss
Global Scanning Denmark A/S	Denmark	USD	3.401	100%	13	(2.711)
Global Scanning Americas (MD) Inc.	USA	USD	0	100%	(2.314)	(293)
Global Scanning Singapore Pte. Ltd.	Singapore	USD	300	100%	913	49
Global Scanning Japan A/S	Denmark	DKK	84	100%	218	35
Global Scanning UK Ltd.	Great Britain	USD	21	100%	5.671	2.433
Global Scanning Suzhou Co. Ltd.	China	USD	226	100%	5.326	326
Global Scanning Americas (VA) Inc.	USA	USD	1	100%	1.700	1.136

**Note 14. Inventories**

Movements in the provision for impairment of inventory were as follows:

	Group USD '000	Parent USD '000
Cost at 1/1 2015	(911)	0
Adjustment	130	0
Cost at 31/12 2015	(781)	0
Adjustment	701	0
<b>Cost at 31/12 2016</b>	<b>(80)</b>	<b>0</b>

This expense is included in production costs.

The book value of inventory provisioned for measured at net realisable cost at 31 December 2016 to USD 120 thousand (2015: USD 40 thousand).

Cost of goods sold in 2016 amounted to USD 21.494 thousand (2015: USD 24.919 thousand).

**Note 15. Trade receivables**

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

As at 31 December 2016, trade receivables at nominal value of USD 9 thousand (2015: 100 thousand) were impaired for.

Movements in the provision for impairment of receivables were as follows:

Cost at 1/1 2015	142
Charge for the year	98
Utilized	-140
Unused amounts reversed	0
Cost at 31/12 2015	100
Charge for the year	9
Utilized	-100
Unused amounts reversed	0
<b>Cost at 31/12 2016</b>	<b>9</b>

All customers who wish to trade on credit terms are subject to credit verification procedures and insured through a credit insurance company.

Analysis of trade receivables that were past due but not impaired at 31 December 2016:

	Total	Neither past due nor impaired	Past due but not impaired	
			<60 days	>60 days
2015	5.539	4.401	710	428
2016	4.593	4.020	459	113

## Notes

### Note 16. Deferred tax

	Group		Parent	
	2016 USD '000	2015 USD '000	2016 USD '000	2015 USD '000
Analysis of deferred tax:				
Property, plant and equipment	(89)	133	0	0
Intangible assets	2.118	2.656	0	0
Inventories	61	66	0	0
Prepaid expenses	58	58	0	0
Other	(23)	(30)	0	0
tax loss carried forward	(1.210)	1.234	(479)	(1.177)
	<u>915</u>	<u>1.650</u>	<u>(479)</u>	<u>(1.177)</u>

	Group			Parent		
	Deferred tax	Income taxes payable	Tax in income statement	Deferred tax	Income taxes payable	Tax in income statement
<b>Opening balance of 1 January 2015</b>	2.727	(412)		(744)	0	
Income taxes received (paid)	0	0		0	0	
Foreign taxes received (paid)	0	(224)				
Calculated foreign tax	0	1.219				
Estimated tax on the taxable income for the year	0	0				
Change in deferred tax	(1.077)	0		(1.027)	0	
Income tax, carry back refund	0	(1.104)		592	(609)	
Adjustments prior years	0	0		(143)	0	
FX adjustment	0	(1)		145	0	
	<u>1.650</u>	<u>(521)</u>	<u>1.226</u>	<u>(1.177)</u>	<u>(609)</u>	<u>698</u>
<b>Opening balance of 1 January 2016</b>	1.650	(521)		(1.177)	(609)	
Income taxes received (paid)	0	0		0	0	0
Foreign taxes received (paid)	0	(1.499)				0
Calculated foreign tax	0	1.149	1.226			0
Estimated tax on the taxable income for the year	0	0	0		0	0
Change in deferred tax	(735)	0	(879)	(169)	0	698
Income tax, carry back refund	0	910	(836)	836	609	(836)
Adjustments prior years	0	19	(10)		0	0
FX adjustment	0	0	(29)	31	0	(29)
<b>Closing balance as of 31 December 2016</b>	<u>915</u>	<u>58</u>	<u>(528)</u>	<u>(479)</u>	<u>0</u>	<u>(167)</u>

Tax asset of USD 54 thousand regarding sale of property has not been included in the deferred tax calculation as it can only be used in future profit of sale of property which the company consider as unlikely in the foreseen future.

### Note 17. Bank loans, Bonds, Mortgage debt and other bank debt

The debt is due for repayment in the following order:

	Group		Parent	
	2016 USD '000	2015 USD '000	2016 USD '000	2015 USD '000
Within 1 year (bank loans)	3.108	3.780	0	0
Between 1 and 5 years (bonds)	21.602	23.025	21.602	23.025
After 5 years	0	0	0	0
	<u>24.709</u>	<u>26.806</u>	<u>21.602</u>	<u>23.025</u>

The interest rate applied on the issued bonds (SEK 200 million) is 8.5% + STIBOR. The final redemption date is 9 December 2019.

For the issued bonds certain terms and conditions apply regarding negative pledge and an incurrence test is required subject to additional bonds and change of controls.

### Note 18. Income taxes

Estimated income taxes	56	387	0	0
Tax receivable	(0)	(911)	0	(609)
Due in subsidiaries	2	3	0	0
	<u>58</u>	<u>(521)</u>	<u>0</u>	<u>(609)</u>

## Notes

### Note 19. Contingent liabilities, operating lease obligations and securities for loans

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

	Group		Parent	
	2016 USD '000	2015 USD '000	2016 USD '000	2015 USD '000
Within 1 year	348	329	0	0
Between 1 and 5 years	133	250	0	0
After 5 years	0	0	0	0
	<u>481</u>	<u>579</u>	<u>0</u>	<u>0</u>
Total expenditure charged to the Income statement	<u>384</u>	<u>460</u>	<u>0</u>	<u>0</u>

### Pledged assets for loans at Nordea Bank

The owner's mortgage deed in the properties nominally USD 710 thousand (2015: USD 9.830 thousand) is pledged to banks in Global Scanning Denmark A/S and in Global Scanning A/S.

Carrying amount of land and buildings	<u>1.718</u>	<u>3.308</u>	<u>0</u>	<u>0</u>
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The subsidiary Global Scanning Denmark A/S has entered into a credit agreement with Nordea Bank Danmark A/S with a variable credit line of up to USD 2.978 thousand (DKK 21 million) which will be reduced to USD 1.418 thousand (DKK 10 million) end of first quarter 2017. Global Scanning Denmark A/S has given Nordea Bank Danmark A/S a security in inventories and trade receivables for USD 1.418 thousand (DKK 10 million). The value of inventories and trade receivables as per 31 December 2016 is USD 4,221 thousand (2015: 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 as per 31 December 2016 is USD 5,671 thousand (2015: USD 4,905 thousand).

### Pledged assets for bonds

As security for the parent company's bond debt, nominally USD 21.602 thousand (2015: USD 23.025 thousand), the following assets are pledged:

Investments in subsidiaries (share-pledge)	53.366	53.366
Receivable from group enterprises	<u>6.930</u>	<u>6.536</u>
	<u>60.296</u>	<u>59.902</u>

### 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 20. 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		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
DKK Danish kroner	368	227	4.895	5.957	(4.527)	(5.730)
SEK Swedish kroner	0	0	22.100	23.753	(22.100)	(23.753)
RMB Renminbi	4.850	4.954	2.361	656	2.488	4.297
EUR Euros	675	493	22	22	653	471
GBP Pound	656	1.167	612	796	45	371
JPY Japanese Yen	710	918	667	677	42	241
Other currencies	<u>43</u>	<u>91</u>	<u>18</u>	<u>20</u>	<u>25</u>	<u>71</u>
	<u>7.301</u>	<u>7.849</u>	<u>30.675</u>	<u>31.881</u>	<u>(23.373)</u>	<u>(24.031)</u>

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 20. Foreign currency (continued)

Million USD	Exchange rate adjustment	Pre-tax profit	Equity	Pre-tax profit	Equity
		2016	2016	2015	2015
DKK Danish kroner	+/- 10%	-0,4	-0,3	-0,5	-0,4
SEK Swedish kroner	+/- 10%	-1,8	-1,4	-2,0	-1,5
RMB Renminbi	+/- 10%	0,2	0,2	0,4	0,3
EUR Euros	+/- 10%	0,1	0,0	0,0	0,0

### Note 21. Cash flow hedges

At 31 December 2016, the Group held no 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:

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

### 2016

In the year ended 31 December 2016 the company realised loss from the expiry of forward contracts held during the year totalled USD 0.7 million (USD 1.7 million realised loss in 2015).

### 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 company held solely derivative financial instruments that were measured at fair value using Level 2 valuation techniques.

As at 31 December 2016, the company no longer 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.

In the year ended 31 December 2016 the company realised no gains or loss from the expiry of derivative financial instruments (USD 0.6 million realised loss in 2015).

### Note 22. Financial assets and liabilities

	Group		Parent	
	2016	2015	2016	2015
	USD'000	USD'000	USD'000	USD'000
<b>Loans and receivables measured at amortized cost</b>				
Trade accounts receivables	4.584	5.439	0	0
Receivable from Group company	0	0	9.859	6.744
Cash	2.585	5.218	0	0
<b>Total loans and receivables measured at amortized cost</b>	<b>8.081</b>	<b>10.657</b>	<b>9.859</b>	<b>6.744</b>

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

### Financial liabilities measured at amortized cost

Mortgage debt and other bank debt	0	0	0	0
Bonds	21.602	23.025	21.602	23.025
Bank debt	3.108	3.780	0	0
Trade payables	2.693	4.777	0	0
Payables to Group company	0	0	0	415
<b>Total financial liabilities measured at amortized cost</b>	<b>27.402</b>	<b>31.582</b>	<b>21.602</b>	<b>23.440</b>

### Derivative financial instruments measured at fair value

Foreign exchange forward contracts	0	739	0	0
<b>Total Derivative financial instruments measured at fair value</b>	<b>0</b>	<b>739</b>	<b>0</b>	<b>0</b>

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.

## Notes

### Note 23. Share capital and reserves

Share capital with nominal value USD 171.378 is distributed in 426.469 shares in shares in Class A, 411.519 shares in Class B and 140.600 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 2015	405.146	390.943	133.570	929.659
Addition from capital increases	0	0	0	0
Closing balance as of 31 December 2015	<u>405.146</u>	<u>390.943</u>	<u>133.570</u>	<u>929.659</u>
Addition from capital increases	21.323	20.576	7.030	48.929
Closing balance as of 31 December 2016	<u>426.469</u>	<u>411.519</u>	<u>140.600</u>	<u>978.588</u>

Shares in class B earns annually right to a preferential dividend of 8% on the related equity investment price and previous years calculated preferential dividend. As per December 31 2016 the preferential dividend right amounts to USD 5.833 thousand (2015: USD 4.106 thousand).

Shares in class C earns annually right to a preferential dividend of 10% on the related equity investment price and previous years calculated preferential dividend. As per December 31 2016 the preferential dividend right amounts to USD 1.720 thousand (2015: USD 997 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.

### Note 24. 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 20 and cash flow risk is described in note 21.

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.

The credit risks of the Group are considered to be low.

#### 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 2016 the Group bank debt is 2.196 KUSD (2015: 3.780 KUSD) which is use of bank overdrafts at a interest rate of 4.3%.

At December 31 2016 the Group debt on long term corporate bonds is 21.602 KUSD (2015: 23.025 KUSD) at an interest rate of 8,5% + STIBOR. A 1% increase in STIBOR will increase financial cost with 216 KUSD (2015: 230 KUSD).

#### 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.

#### Capital risk management

The Group wants to secure structural and financial flexibility as well as competitiveness. In order to secure this, the company continuously evaluate the appropriate capital structure for the Group.

At the operational level, the Group continuously efforts to optimize capital tied up in working capital.

## Notes

### Note 25. 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. Furthermore related parties include companies in which the aforementioned persons have a material interest. Refer to note 6.2.

#### Parent

The company is controlled by Procuritas Capital Investors V LP, Guernsey, which owns 92.5% of the share capital.

Transactions with related parties:

	Group		Parent	
	2016 USD '000	2015 USD '000	2016 USD '000	2015 USD '000
<b>Costs</b>				
Purchase from Group enterprises			242	676
<b>Other operating income</b>				
Management fee from Group enterprises			398	827
<b>Financial income and expenses</b>				
Dividend from Group enterprises			2.600	1.200
Interest from Group enterprises			578	49
<b>Executive Management</b>				
Remuneration and salaries to the Executive Management	316	902	0	0
Defined contribution plans to the Executive Management	7	69	0	0
<b>Board of Directors</b>				
Board fee	95	100	95	100
<b>Intercompany balances 31/12</b>				
Receivables from Group enterprises			9.859	6.744
<b>Guarantees and security</b>				
Guarantee from Group enterprises	5.671	4.905		