

Edema ApS
Skanderborgvej 234, 8260 Viby J

Company reg. no. 34 70 87 03

Annual report

2016/17

The annual report have been submitted and approved by the general meeting on the 27 February 2018.

Klaus Østergaard
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Edema ApS for the financial year 1 October 2016 to 30 September 2017.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 30 September 2017 and of the company's results of its activities in the financial year 1 October 2016 to 30 September 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Viby J, 31 January 2018

Managing Director

Klaus Østergaard

Board of directors

Thomas Knudsen

Torben Vilsgaard

John Michael Hasenkam

Independent auditor's report

To the shareholder of Edema ApS

Opinion

We have audited the annual accounts of Edema ApS for the financial year 1 October 2016 to 30 September 2017, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 30 September 2017 and of the results of the company's operations for the financial year 1 October 2016 to 30 September 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Independent auditor's report

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

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

DK-8450 Hammel, 31 January 2018

Kvist & Jensen

Kvist & Jensen State Authorized Public Accountants
Company reg. no. 36 71 77 85

Johannes Simonsen

State Authorised Public Accountant
MNE-nr. 11802

Company data

The company	Edema ApS Skanderborgvej 234 8260 Viby J
	Company reg. no. 34 70 87 03 Established: 18 September 2012 Domicile: Aarhus Financial year: 1 October - 30 September
Board of directors	Thomas Knudsen Torben Vilsgaard John Michael Hasenkam
Managing Director	Klaus Østergaard
Auditors	Kvist & Jensen Statsautoriseret Revisionspartnerselskab
Bankers	Sparekassen Kronjylland
Parent company	Smart Textile Group A/S

Management's review

The principal activities of the company

The Company's objective is development, production, marketing and sale of medical/biological measurement equipment in relation to excessive accumulation of fluid and business in relation hereto.

Uncertainties as to recognition or measurement

Based on the present development results, it is Management's opinion that the Company's future cash flow will be sufficient to maintain the carrying amount of the capitalised development projects

Consequently, at 30 September 2017 DKK 1.030k has been capitalised regarding the Company's development projects. The value of these depend on the final sales potential. There is thus significant uncertainty in relation to the value hereof.

It is Management's assessment that the valuation of the Company's development projects is sound.

Development in activities and financial matters

The results from ordinary activities after tax are DKK -54.000 against DKK -49.000 last year. The management consider the results unsatisfactory, but as expected.

Capital resources:

At 30 september 2017 the Company has lost its entire share capital. In accordance with the Danish Companies Act it is thus Company Management's responsibility to account for the Company's financial position, including is necessary proposed measurements to be taken.

The Company expects to re-establish the share capital through expected future operations with sale of stockings. Management has secured the necessary funding to continue the Company's operations.

In accordance with the above, Management presents the Financial Statements under the presumption of going concern.

Events subsequent to the financial year

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Accounting policies used

The annual report for Edema ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

The profit and loss account

Other external costs

Other external costs comprise costs for administration.

Costs concerning investment properties

Costs concerning investment properties comprise operation costs, repair and maintenance costs, taxes, charges and other costs. Costs concerning the heating accounts are recognised in the balance sheet as a balance among the lessees.

Net financials

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Accounting policies used

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 10 years.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank and in hand.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account 1 October - 30 September

All amounts in DKK.

<u>Note</u>	<u>2016/17</u>	<u>2015/16</u>
Other external costs	-6.188	-4.045
Gross results	-6.188	-4.045
1 Other financial costs	-47.801	-45.340
Results before tax	-53.989	-49.385
Tax on ordinary results	0	0
Results for the year	-53.989	-49.385
 Proposed distribution of the results:		
Allocated from results brought forward	-53.989	-49.385
Distribution in total	-53.989	-49.385

Balance sheet 30 September

All amounts in DKK.

Assets	<u>2017</u>	<u>2016</u>
<u>Note</u>		
Fixed assets		
Development projects in progress and prepayments for intangible fixed assets	<u>1.029.787</u>	<u>1.029.787</u>
Intangible fixed assets in total	<u>1.029.787</u>	<u>1.029.787</u>
Fixed assets in total	<u>1.029.787</u>	<u>1.029.787</u>
Current assets		
Other debtors	<u>9.568</u>	<u>9.271</u>
Debtors in total	<u>9.568</u>	<u>9.271</u>
Available funds	<u>3.035</u>	<u>4.131</u>
Current assets in total	<u>12.603</u>	<u>13.402</u>
Assets in total	<u>1.042.390</u>	<u>1.043.189</u>

Balance sheet 30 September

All amounts in DKK.

Equity and liabilities		<u>2017</u>	<u>2016</u>
<u>Note</u>			
Equity			
2	Contributed capital	90.000	90.000
3	Results brought forward	-278.304	-224.315
	Equity in total	<u>-188.304</u>	<u>-134.315</u>
 Liabilities			
	Trade creditors	4.000	4.000
	Debt to group enterprises	1.226.694	1.173.504
	Short-term liabilities in total	<u>1.230.694</u>	<u>1.177.504</u>
	Liabilities in total	<u>1.230.694</u>	<u>1.177.504</u>
	 Equity and liabilities in total	 <u>1.042.390</u>	 <u>1.043.189</u>

4 Contingencies

Notes

All amounts in DKK.

	<u>2016/17</u>	<u>2015/16</u>
1. Other financial costs		
Financial costs, group enterprises	46.940	45.340
Other financial costs	861	0
	<u>47.801</u>	<u>45.340</u>
	<u>30/9 2017</u>	<u>30/9 2016</u>
2. Contributed capital		
Contributed capital 1 October 2016	90.000	90.000
	<u>90.000</u>	<u>90.000</u>
3. Results brought forward		
Results brought forward 1 October 2016	-224.315	-174.930
Profit or loss for the year brought forward	-53.989	-49.385
	<u>-278.304</u>	<u>-224.315</u>
4. Contingencies		
Joint taxation		
STG Growth APS, company reg. no 35889620 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.		