

Kapitalen ApS
Bjernevej 5
5600 Faaborg
Central Business Registration
No 34883459

Annual report 2017

The Annual General Meeting adopted the annual report on 31.05.2018

Chairman of the General Meeting

Name: Knud Erik Banke Kristensen

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Entity details

Entity

Kapitalen ApS
Bjernevej 5
5600 Faaborg

Central Business Registration No: 34883459
Registered in: Faaborg-Midtfyn
Financial year: 01.01.2017 - 31.12.2017

Executive Board

Johan Harald Gedda
Knud Erik Banke Kristensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
Postboks 10
5100 Odense C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Kapitalen ApS for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Faaborg-Midtfyn, 31.05.2018

Executive Board

Johan Harald Gedda

Knud Erik Banke Kristensen

Independent auditor's report

To the shareholders of Kapitalen ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Kapitalen ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity 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 financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity'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 statements and the parent 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 Entity'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 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 and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Odense, 31.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Leopold Larsen
State Authorised Public Accountant
Identification number (MNE) mne33229

Management commentary

	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights			
Key figures			
Gross profit	61.171	45.717	20.476
Operating profit/loss	(21.263)	(20.799)	(34.815)
Net financials	(7.171)	362.940	13.557
Profit/loss for the year	(27.267)	337.272	(24.305)
Total assets	1.566.322	1.480.949	1.208.607
Investments in property, plant and equipment	3.527	840	7.193
Equity incl minority interests	1.369.572	1.397.440	1.097.485
Employees in average	75	69	69

Ratios

Return on equity (%)	(2,0)	27,0	(2,2)
Equity ratio (%)	87,4	94,4	90,8

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's activity consists of investing in securities and other assets management.

Development in activities and finances

The company made a loss of 27.267 t.DKK for the year. A major part of the company's investments are made in USD-denominated positions. Over the fiscal year the USD/DKK-exchange rate declined 12%. This resulted in exchange rate adjustment-losses in the cash-balance of 19.970 t.DKK. The exchange rate decline did also have an impact on investments, where a part of the profit for the year was eliminated.

In 2016, the bulk of the company's profits came from a dividend from an investment carried in Long Term Fixed Assets. In 2017, the company did not receive dividends from this investment, resulting in no positive profit impact for the year. The investment itself has done well in 2017, and continues to grow and generate material EBITDA and positive cash flow from operations. Due to the elected accounting policies of Kapitalen ApS, the P&L does not reflect this.

Taking into consideration the facts outlined above, the executive board is satisfied with the result.

Uncertainty relating to recognition and measurement

There is uncertainty relating to recognition and measurement of other investments that are measured at the lower of cost and recoverable amount, cf. note 1 for further information.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Gross profit		61.171	45.717
Staff costs	2	(72.650)	(56.364)
Depreciation, amortisation and impairment losses	3	(9.784)	(10.152)
Operating profit/loss		(21.263)	(20.799)
Income from other fixed assets investments		0	341.717
Other financial income	4	13.528	24.717
Other financial expenses	5	(20.699)	(3.494)
Profit/loss before tax		(28.434)	342.141
Tax on profit/loss for the year	6	1.167	(4.869)
Profit/loss for the year	7	(27.267)	337.272

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Completed development projects		23.359	19.585
Acquired rights		119.254	0
Goodwill		5.633	3.742
Intangible assets	8	<u>148.246</u>	<u>23.327</u>
Land and buildings		25.205	24.528
Other fixtures and fittings, tools and equipment		11.375	15.560
Property, plant and equipment	9	<u>36.580</u>	<u>40.088</u>
Other investments		944.294	943.549
Fixed asset investments	10	<u>944.294</u>	<u>943.549</u>
Fixed assets		<u>1.129.120</u>	<u>1.006.964</u>
Manufactured goods and goods for resale		2.555	279
Inventories		<u>2.555</u>	<u>279</u>
Trade receivables		12.516	17.679
Deferred tax	11	8.038	1.348
Other receivables		41.112	33.408
Prepayments	12	3.149	2.758
Receivables		<u>64.815</u>	<u>55.193</u>
Other investments		240.218	70.524
Other investments		<u>240.218</u>	<u>70.524</u>
Cash		<u>129.614</u>	<u>347.989</u>
Current assets		<u>437.202</u>	<u>473.985</u>
Assets		<u>1.566.322</u>	<u>1.480.949</u>

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital		500	500
Retained earnings		793.521	828.517
Equity attributable to the Parent's owners		794.021	829.017
Share of equity attributable to minority interests		575.551	568.423
Equity		1.369.572	1.397.440
Other payables		0	592
Deferred income		21.524	7.651
Non-current liabilities other than provisions		21.524	8.243
Bank loans		124.840	11.119
Trade payables		4.877	3.705
Income tax payable		3.668	4.968
Other payables		9.334	14.004
Deferred income		32.507	41.470
Current liabilities other than provisions		175.226	75.266
Liabilities other than provisions		196.750	83.509
Equity and liabilities		1.566.322	1.480.949
Uncertainty relating to recognition and measurement	1		
Mortgages and securities	14		
Subsidiaries	15		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	500	828.517	568.423	1.397.440
Exchange rate adjustments	0	(3.591)	0	(3.591)
Other equity postings	0	2.360	0	2.360
Tax of equity postings	0	0	630	630
Profit/loss for the year	0	(33.765)	6.498	(27.267)
Equity end of year	500	793.521	575.551	1.369.572

Other equity postings are net effect of sales and acquisitions of minority interests in consolidated subsidiaries.

Consolidated cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Operating profit/loss		(21.265)	(20.799)
Amortisation, depreciation and impairment losses		9.784	10.152
Working capital changes	13	2.406	14.004
Cash flow from ordinary operating activities		(9.075)	3.357
Financial income received		13.530	24.717
Financial income paid		(20.699)	(3.494)
Income taxes refunded/(paid)		(4.987)	(10.287)
Cash flows from operating activities		(21.231)	14.293
Acquisition etc of intangible assets		(132.761)	(2.488)
Acquisition etc of property, plant and equipment		(1.194)	(840)
Sale of property, plant and equipment		19	202
Acquisition of fixed asset investments		(169.994)	0
Sale of fixed asset investments		0	34.385
Dividends received		0	339.910
Loans		(6.344)	(5.650)
Cash flows from investing activities		(310.274)	365.519
Loans raised		121.557	7.859
Instalments on loans etc		(8.427)	(45.768)
Acquisition of minority interests		0	(40.820)
Cash flows from financing activities		113.130	(78.729)
Increase/decrease in cash and cash equivalents		(218.375)	301.083
Cash and cash equivalents beginning of year		347.989	46.906
Cash and cash equivalents end of year		129.614	347.989

Notes to consolidated financial statements

1. Uncertainty relating to recognition and measurement

Other investments are measured at the lower of cost and recoverable amount, see accounting policies.

As there is no regulated market for unlisted investments, the determination of the recoverable amount will be subject to some uncertainty.

To support the valuation, the Company's Management has obtained marked reports on comparable companies for determination of an EBIDTA price multiple for the use of the calculation of the recoverable amount and also prepared related sensitivity analyses.

The applied price multiple will consequently be subject to some uncertainty, which may affect the recoverable amount upwards as well as downwards.

	2017 DKK'000	2016 DKK'000
2. Staff costs		
Wages and salaries	63.142	44.980
Pension costs	2.101	5.719
Other staff costs	7.407	5.665
	72.650	56.364
Average number of employees	97	75
	2017 DKK'000	2016 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	6.035	6.024
Depreciation of property, plant and equipment	3.749	4.128
	9.784	10.152
	2017 DKK'000	2016 DKK'000
4. Other financial income		
Other financial income	13.528	24.717
	13.528	24.717
	2017 DKK'000	2016 DKK'000
5. Other financial expenses		
Exchange rate adjustments	19.970	380
Other financial expenses	729	3.114
	20.699	3.494

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
6. Tax on profit/loss for the year		
Tax on current year taxable income	3.635	4.776
Change in deferred tax for the year	(4.802)	93
	(1.167)	4.869

	2017 DKK'000	2016 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	(33.765)	312.573
Minority interests' share of profit/loss	6.498	24.699
	(27.267)	337.272

	Completed develop- ment projects DKK'000	Acquired rights DKK'000	Goodwill DKK'000
8. Intangible assets			
Cost beginning of year	42.090	0	5.320
Exchange rate adjustments	(3.140)	0	(615)
Transfers	(27.423)	27.423	0
Additions	17.901	111.739	3.122
Cost end of year	29.428	139.162	7.827
Amortisation and impairment losses beginning of year	(22.505)	0	(1.578)
Exchange rate adjustments	1.781	0	166
Transfers	15.576	(15.576)	0
Amortisation for the year	(921)	(4.332)	(782)
Amortisation and impairment losses end of year	(6.069)	(19.908)	(2.194)
Carrying amount end of year	23.359	119.254	5.633

The development projects consist of af newly developed generation of efficient heat pumps. Furthermore development projects consist of systems that ensure optimal indoor climate as well af management tools for monitoring and optimizing energy consumption. All development projects are intended to be used in larger facilities.

It is expected that the new generation of products will be so energy efficient that the products will be cost-effective for the customers within 3 – 5 years. There has already been considerable interest in the products and in the main market in Sweden the roll-out is expected to happen at the end of 2018 whereupon the products are expeted to be rolled out in the remaining Nordic markets.

Notes to consolidated financial statements

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000
9. Property, plant and equipment		
Cost beginning of year	24.528	23.189
Exchange rate adjustments	0	(2.742)
Additions	677	2.850
Disposals	0	(1.682)
Cost end of year	25.205	21.615
Depreciation and impairment losses beginning of the year	0	(7.629)
Exchange rate adjustments	0	1.131
Depreciation for the year	0	(3.749)
Reversal regarding disposals	0	7
Depreciation and impairment losses end of the year	0	(10.240)
Carrying amount end of year	25.205	11.375
10. Fixed asset investments		
Cost beginning of year		943.549
Transfers		299
Additions		745
Cost end of year		944.593
Impairment losses for the year		(299)
Impairment losses end of year		(299)
Carrying amount end of year		944.294
11. Deferred tax		
Changes during the year		
Beginning of year		1.348
Recognised in the income statement		4.802
Recognised directly in equity		1.888
End of year		8.038

Deferred tax regarding taxable losses I expected to be used within 3-5 years.

Notes to consolidated financial statements

12. Prepayments

Prepayments consist of prepayed expenses.

	2017	2016
	DKK'000	DKK'000
13. Change in working capital		
Increase/decrease in inventories	(2.276)	(279)
Increase/decrease in receivables	3.412	(6.460)
Increase/decrease in trade payables etc	1.412	16.281
Other changes	(142)	4.462
	2.406	14.004

14. Mortgages and securities

Cash and other investments of a carrying amount of DKK 33.487k have been provided as security for bank debt.

Kapitalen ApS has engaged to subscribe for further capital in two investment funds totalling DKK 0,4 million.

Gedda Invest ApS has engaged to subscribe for further capital in two investment funds totalling DKK 30,4 million.

	Registered in	Corpo- rate form	Equity inte- rest %
15. Subsidiaries			
Gedda Holding ApS	Faaborg-Midtfyn	ApS	100,0
Gedda Invest ApS	Faaborg-Midtfyn	ApS	0,1
Gedda Income ApS	Faaborg-Midtfyn	ApS	10,0
Energy Machines ApS	Faaborg-Midtfyn	ApS	89,3
Energy Machines SA	Luxembourg	SA	100,0
Energy Machines AB	Danderyd	AB	100,0
EGMA Systems AB	Sundsvall	AB	100,0
Teracloud SA	Luxembourg	SA	100,0
21st Century Software Inc.	Wayne, Pennsylvania	Inc.	100,0
VMS Software Inc.	Bolton, Massachussetts	Inc.	100,0
EKP Cool OY	Porvoo, Finland	OY	88,0
Geo Energiprojekt i Malmö AB	Malmö	AB	100,0

Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Gross loss		(249)	(156)
Staff costs	2	(96)	(96)
Depreciation, amortisation and impairment losses	3	(11)	(11)
Operating profit/loss		(356)	(263)
Income from investments in group enterprises		(24.920)	0
Income from other fixed assets investments		0	341.717
Other financial income	4	10.758	15.184
Other financial expenses	5	(20.569)	(23.796)
Profit/loss before tax		(35.087)	332.842
Tax on profit/loss for the year	6	2.165	1.983
Profit/loss for the year	7	(32.922)	334.825

Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Other fixtures and fittings, tools and equipment		10	21
Property, plant and equipment	8	10	21
Investments in group enterprises		93.415	72.707
Other investments		944.293	943.549
Other receivables		0	0
Fixed asset investments	9	1.037.708	1.016.256
Fixed assets		1.037.718	1.016.277
Receivables from group enterprises		272.136	163.259
Deferred tax	10	3.430	1.194
Other receivables		38.114	32.547
Income tax receivable		0	1.914
Receivables		313.680	198.914
Other investments		87.410	16.415
Other investments		87.410	16.415
Cash		66.229	182.440
Current assets		467.319	397.769
Assets		1.505.037	1.414.046

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital	11	500	500
Other reserves		677.393	677.393
Retained earnings		276.041	308.963
Equity		<u>953.934</u>	<u>986.856</u>
Bank loans		124.818	11.118
Payables to group enterprises		425.910	414.318
Income tax payable		0	131
Other payables		375	1.623
Current liabilities other than provisions		<u>551.103</u>	<u>427.190</u>
Liabilities other than provisions		<u>551.103</u>	<u>427.190</u>
Equity and liabilities		<u>1.505.037</u>	<u>1.414.046</u>
Uncertainty relating to recognition and measurement	1		
Contingent liabilities	12		
Related parties with controlling interest	13		
Transactions with related parties	14		

Parent statement of changes in equity for 2017

	Contributed capital DKK'000	Other reserves DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	500	677.393	308.963	986.856
Profit/loss for the year	0	0	(32.922)	(32.922)
Equity end of year	500	677.393	276.041	953.934

Notes to parent financial statements

1. Uncertainty relating to recognition and measurement

Other investments are measured at the lower of cost and recoverable amount, see accounting policies.

As there is no regulated market for unlisted investments, the determination of the recoverable amount will be subject to some uncertainty.

To support the valuation, the Company's Management has obtained marked reports on comparable companies for determination of an EBIDTA price multiple for the use of the calculation of the recoverable amount and also prepared related sensitivity analyses.

The applied price multiple will consequently be subject to some uncertainty, which may affect the recoverable amount upwards as well as downwards.

	2017 DKK'000	2016 DKK'000
2. Staff costs		
Wages and salaries	96	96
	96	96
Average number of employees	1	1
3. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	11	11
	11	11
4. Other financial income		
Financial income arising from group enterprises	5.183	4.095
Other financial income	5.575	11.089
	10.758	15.184
5. Other financial expenses		
Financial expenses from group enterprises	16.526	20.608
Exchange rate adjustments	3.546	147
Other financial expenses	497	3.041
	20.569	23.796

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
6. Tax on profit/loss for the year		
Tax on current year taxable income	0	(1.893)
Change in deferred tax for the year	(2.235)	162
Adjustment concerning previous years	70	(252)
	(2.165)	(1.983)
	2017 DKK'000	2016 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	(32.922)	334.825
	(32.922)	334.825
		Other fixtures and fittings, tools and equipment DKK'000
8. Property, plant and equipment		
Cost beginning of year		33
Cost end of year		33
Depreciation and impairment losses beginning of the year		(12)
Depreciation for the year		(11)
Depreciation and impairment losses end of the year		(23)
Carrying amount end of year		10

Notes to parent financial statements

	Investments in group enterprises DKK'000	Other investments DKK'000	Other receivables DKK'000
9. Fixed asset investments			
Cost beginning of year	72.707	943.549	2.374
Additions	50.021	744	0
Disposals	(14)	0	0
Cost end of year	122.714	944.293	2.374
Impairment losses beginning of year	0	0	(2.374)
Impairment losses for the year	(29.299)	0	0
Impairment losses end of year	(29.299)	0	(2.374)
Carrying amount end of year	93.415	944.293	0

	2017 DKK'000
10. Deferred tax	
Changes during the year	
Beginning of year	1.194
Recognised in the income statement	2.236
End of year	3.430

Deferred tax regarding taxable losses I expected to be used within 3-5 years.

	Number	Par value DKK'000	Nominal value DKK'000
11. Contributed capital			
Ordinary Shares	500.000	1	500
	500.000		500

12. Contingent liabilities

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities and if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

Cash and other investments of a carrying amount of DKK 33.487k have been provided as security for bank debt.

The Company has engaged to subscribe for further capital in three investment funds totaling DKK 0,4 million.

Notes to parent financial statements

13. Related parties with controlling interest

Johan Harald Gedda, Denmark has the controlling interest on the basis of owner of 100% of the shares.

14. Transactions with related parties

Transactions with related parties:

Sales of shares in group enterprises, 14 t.DKK

Financial income arising from group enterprises, 5.183 t.DKK

Financial expenses from group enterprises, 16.526 t.DKK

Wages and salaries, 96 t.DKK

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc on fixed asset investments which are not investments in group enterprises or associates.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Accounting policies

Other financial income

Other financial income comprises dividends etc received on other investments, interest income including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 7 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 7 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

Accounting policies

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects, protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 7 years.

Acquired rights are measured at cost less accumulated amortisation. Acquired rights consist of patents and software rights and are amortised on a straight-line basis over the estimated useful life. The amortisation period is 7 years, however, not more than the residual life of the rights concerned.

Patents of software rights in the group is patents and rights to IBM-based software. The amortisation period is:

Patent of software rights	7 years
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Acquired rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Moreover, cost is reduced if more dividend is distributed than what has been earned in the enterprises on a total basis since the Parent's acquisition of the investment.

Accounting policies

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity instruments measured at cost. Unlisted equity instruments are written down to any lower net realisable value.

The recoverable amount of unlisted equity instruments is calculated annually based on EBITDA price multiples for comparable companies as well as expectations for the associates' earnings.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments

Securities recognised under current assets comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Accounting policies

Other financial liabilities

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

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.