TOPCAP API ApS

Sydvestvej 21, 2
2600 Glostrup

CVR no. 35 04 00 80

Annual report 2016

The annual report was presented and adopted at the Company's annual general meeting

on ______________________________ 20 ____

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chairman

Contents

Statement by the Executive Board

The Executive Board have today discussed and approved the annual report of TOPCAP API ApS for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with 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 Group's and the Parent Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Glostrup, 24 May 2017
Executive Board:

Erik Balleby Jensen	Jens Thøger Hansen	Ulrik Nicolai Jungersen

Independent auditor's report

To the shareholders of TOPCAP API ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of TOPCAP API ApS for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with 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 Group's and the Parent Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016 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 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.

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

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

Independent auditor's report

In preparing the consolidated financial statements and the parent company 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 as to whether the consolidated financial statements and the 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 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 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.

Independent auditor's report

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements 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 and the Company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the consolidated financial statements and the 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 24 May 2017
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jacob Lehman
State Authorised
Public Accountant

Management's review

Company details

TOPCAP API ApS
Sydvestvej 21, 2
2600 Glostrup

Telephone:	+45 43 48 99 00
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Website:	www.apipro.com
CVR no.:	35 04 00 80
Established:	12 February 2013
Registered office:	Glostrup
Financial year:	1 January – 31 December

Executive Board

Erik Balleby
Jens Thøger Hansen
Ulrik Nicolai Jungersen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Annual general meeting

The annual general meeting will be held on 24 May 2017 at the Company's address.

Management's review

Financial highlights for the Group

DKK'000	2016	2015	2014	2013
Gross profit	53,085	52,743	47,177	41,787
Ordinary operating profit	6,149	4,853	7,330	6,747
Profit from financial income and expenses	-676	49	-1,037	-1,295
Profit for the year	3,616	2,894	4,258	3,242
Total assets	155,981	115,230	113,603	111,960
Investments in property, plant and equipment	892	519	716	221
Equity	88,281	78,118	67,079	69,111
Cash flows from operating activities	19,399	15,274	10,058	0
Cash flows from investing activities	-33,923	-7,665	-6,131	0
Cash flows from financing activities	13,642	-5,000	-6,000	0
Change in cash and cash equivalents for the year	-884	2,609	-2,073	0
Return on assets	3.9%	4.2%	6.5%	6.0%
Return on equity	4.3%	4.0%	6.3%	4.7%
Solvency ratio	56.6%	67.8%	59.0%	61.7%

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios “Recommendations and Financial Ratios 2015".

The financial ratios have been calculated as follows:

Return on assets $\frac{\text{Profit before financial items x 100}}{\text{Total assets}}$

Return on equity $\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$

Solvency ratio $\frac{\text{Equity at year end x 100}}{\text{Total assets}}$

Management's review

Operating review

Main activities

The Company is the parent company of the API Maintenance Holding ApS.

The main activity of the Group is the development and worldwide sales of the software systems API PRO and Axxos OEE including related services to be used by medium-sized and large manufacturing and utility companies for maintenance management and production optimisation.

The main part of the Group's revenue comes from exports, mainly to north-west Europe and China. In addition to sales through own companies and offices, API cooperates with a number of international partners and distributors.

Development in the year

In the fourth quarter Axxos AB, a Swedish company was bought. The company develos and sells its own software. The software highly compliment API Maintenance's products.

During the year, investments have been made in increased sales and marketing resources and product development. The number of employees before the acquirement of Axxos Industrisystem AB in 2016 had increased by 8 people to a total of 74. After the acquirement of Axxos, the total number of employees had increased to 116 by the end of the year.

In 2016 the gross profit increased by 0.6% to DKK 53,085 thousand compared to the previous year, and the profit before tax amounted to DKK 5,473 thousand. The balance sheet shows equity of DKK 88,281 thousand.

Management considers the financial results for the year acceptable.

Subsequent events

No events have occurred subsequent to the balance sheet date, which might have any material influence on the financial situation of the Company.

Management's review

Operating review

Outlook

API's expectations for the future are positive. The global market for maintenance management systems (EAM) is growing, and in recent years API has built a strong position among the international EAM suppliers for medium sized and large manufacturing companies.

For 2017, the Company expects a higher profit compared to 2016.

Risks

The Group's risks extend over a number of areas, each of which involve risks. Management identifies and manages risks within the Group's business areas. Against this background, the Company has identified the key risks in 2016 in terms of likelihood and impact

Operating riskss

A significant part of API's revenue stems from support and maintenance agreements with customers. There is also an increasing tendency among customers to purchase software delivered as a service (SaaS), which helps to ensure API a steady and recurring income.

The ongoing development and release of versions of the software helps to ensure API's consulting revenue.

Market risks

Interest bearing debt is issued with a variable interest rate, which exposes the Group to risks of changes in interest rates. The Group's debt is denominated in DKK, and therefore the Group has no significant currency risk here.

It is the Group's policy to reduce currency risks by assessing the individual projects and markets for any hedging. The Group's debtors and creditors are primarily traded in DKK, EUR and SEK. A natural hedging is primarily performed against exchange rate fluctuations through a balancing of income and expenditure in the single currency when this is found possible.

Management's review

Operating review

The Group's credit risks primarily relate to the accounts receivable from sales and services. None of the Group's accounts receivable amounts to a higher proportion than 10% of the total revenue, which reduces the risk of substantial losses on these. There are no credit risks associated with the prepaid support and maintenance contracts and SaaS agreements.

Intellectual capital

API is a modern IT/software company that develops innovative software products. As part of the retention of the knowledge and skills level, interdisciplinary knowledge and broad application of knowledge sharing across the Group are in focus. Most recently, API created a "Project Management Office (PMO)" working with best practice across countries.

Environmental matters

API continuously strives to reduce energy consumption by, among others, buying low consumption IT equipment and lighting equipment. API also has a sorting of waste and a bottle return system for plastic bottles designed to reduce the amount of waste that cannot be reused.

Research and development activities

It is an important competitive factor for API to be at the forefront of the technological development. A significant portion of the total costs are therefore used for research and development.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

		Group		Parent Company	
DKK'000	Note	2016	2015	2016	2015
Gross profit	2	53,085	52,743	0	0
Distribution costs	3, 8, 9	-38,267	-35,810	0	0
Administrative expenses	3, 8, 9	-8,669	-12,080	-14	-14
Operating profit/loss		6,149	4,853	-14	-14
Financial income	4	601	1,250	0	0
Financial expenses	5	-1,277	-1,201	-1	-53
Profit/loss before tax		5,473	4,902	-15	-67
Tax on profit/loss for the year	6	-1,857	-2,008	3	3
Profit/loss for the year	7	3,616	2,894	-12	-64

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK'000	Note	2016	2015	2016	2015
ASSETS					
Fixed assets					
Intangible assets	8				
Completed development projects		11,460	0	0	0
Development projects in progress		9,061	17,189	0	0
Goodwill		78,292	68,785	0	0
Software		10,450	0	0	0
		109,263	85,974	0	0
Property, plant and equipment	9				
Fixtures and fittings, tools and equipment		1,081	1,003	0	0
Leasehold improvements		70	96	0	0
		1,151	1,099	0	0
Investments	10				
Investments in subsidiaries		0	0	60,035	60,035
Other receivables		242	237	0	0
		242	237	60,035	60,035
Total fixed assets assets		110,656	87,310	60,035	60,035
Current assets					
Inventory					
Finished goods and goods for resale		495	0	0	0
		495	0	0	0
Receivables					
Trade receivables		32,923	18,269	0	0
Construction contracts		1,431	0	0	0
Other receivables		630	561	0	0
Corporation tax		0	57	2,601	1,751
Prepayments		1,236	755	0	0
		36,220	19,642	2,601	1,751
Cash at bank and in hand		8,610	8,278	0	0
Total current assets		45,325	27,920	2,601	1,751
TOTAL ASSETS		155,981	115,230	62,636	61,786

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK'000	Note	2016	2015	2016	2015
EQUITY AND LIABILITIES					
Equity					
Share capital	11	15,000	15,000	15,000	15,000
Retained earnings		48,345	54,773	44,937	44,949
Reserve for development costs		9,061	0	0	0
Shareholders in TOPCAP API ApS' share of equity		72,406	69,773	59,937	59,949
Minority interest		15,875	8,345	0	0
Total equity		88,281	78,118	59,937	59,949
Provisions					
Provisions for deferred tax	12	6,676	3,607	0	0
		6,676	3,607	0	0
Liabilities other than provisions					
Non-current liabilities other than provisions					
Other credit Institutions	13	13,000	5,000	0	0
		13,000	5,000	0	0
Current liabilities other than provisions					
Banks, current liabilities		1,216	0	0	0
Short term portion and long term debt	13	5,000	6,000	0	0
Trade payables		3,958	1,930	0	0
Corporation tax		759	0	0	0
Payables to subsidiaries		0	385	2,685	1,823
Deferred income	14	18,869	14,145	0	0
Other payables		18,222	6,045	14	14
		48,024	28,505	2,699	1,837
Total liabilities other than provisions		61,024	33,505	2,699	1,837
TOTAL EQUITY AND LIABILITIES		155,981	115,230	62,636	61,786
Contingent assets, liabilities and other financial obligations	16				
Fee to auditor appointed at general meeting	17				
Related parties	18				

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Reserve for develop-ment costs	Retained earnings	Total	Non-controllin g interest	Total equity
Equity at 1 January 2016	15,000	0	54,773	69,773	8,345	78,118
Capital increase in subsidiary	0	0	0	0	6,867	6,867
Subsidiary's purchase of treasury shares	0	0	-225	-225	0	-225
Exchange rate adjustment	0	0	-95	-95	0	-95
Transferred over the profit appropriation	0	9,061	-6,108	2,953	663	3,616
Equity at 31 December 2016	15,000	9,061	48,345	72,406	15,875	88,281

	Parent		
DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2016	15,000	44,949	59,949
Profit for the year	0	-12	-12
Equity at 1 January 2016	15,000	44,937	59,937

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	2016	2015
Profit before tax		5,473	4,902
Depreciation, amortisation and impairment losses		10,138	7,498
Change in working capital	15	1,799	4,471
Financial income and expenses		,676	-49
Other adjustments of non cash operating items		346	114
Cash flows genereated from operations		18,432	16,936
Interest income, received		601	1,250
Interest expense, paid		-1,277	-1,201
Corporation tax paid		1,643	-1,711
Cash flows from operating activities		19,399	15,274
Purchase of intangible assets		-33,026	-7,148
Purchase of property, plant and equipment		-892	-519
Disposal of property, plant and equipment		0	0
Change in deposits		-5	2
Cash flows from investing activities		-33,923	-7,665
External financing		13,000	0
Repayment on debt to credit institutions		-6,000	-5,000
Capital increase and purchase of treasury shares		6,642	0
Cash flows from financing activities		13,642	-5,000
Change in cash and cash equivalents		-884	2,609
Cash and cash equivalents at 1 January 2016		8,278	5,669
Cash and cash equivalents at 31 December 2016		7,394	8,278
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		8,610	8,278
Bank debt		-1,216	0
Cash and cash equivalents at 31 December 2015		7,394	8,278

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of TOPCAP API ApS for 2016 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The annual report for 2016 is presented in DKK'000.

As from 1 January 2016, the Group has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

— Going forward, the accounting treatment of business combinations in accordance with the acquisition method will be changed as follows. In accordance with the transitional provisions, comparative figures in the income statement and balance sheet are not restated:

- Transaction costs are recognised in the income statement compare to previously when they were recognised as part of cost.
- The pre-acquisition balance sheet is adjusted up until 12 months after the acquisition date with effect on the determined goodwill compared to previously when it was adjusted within the current financial year and the entire coming financial year.
- Contingent considerations are recognised in the income statement compared to previously when it was recognised in cost and thus in goodwill.
- Contingent liabilities in the acquired entity are recognised in the pre-acquisition balance sheet if the liabilities are material, have been recognised as part of the purchase price of the entity and the fair value can be determined reliably. Previously, contingent liabilities in the acquired entity were not recognised in the pre-acquisition balance sheet.

— Going forward, dividends from equity investments in subsidiaries recognised at cost are always recognised in the income statement. In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in subsidiaries. Previously, cost was reduced to the extent that distributed dividend exceeded accumulated earnings after the acquisition date.

— Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

as an accounting estimate without restatement of comparative figures and without effect on equity.

- Going forward, an amount corresponding to the capitalised development costs will be tied to the restricted reserve "Reserve for development costs" under equity. The reserve cannot be used for dividend, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.
- Going forward, non-controlling interests are recognised as part of the Company's equity. In the beginning of the comparative year, non-controlling interests are reclassified to equity. In accordance with the transitional provisions, gains and losses from the acquisition and sale of non-controlling interests in previous years are not restated to reflect the new accounting policies. Thus, a new calculation of the value of non-controlling interests for previous financial years is not made.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which evidence matters existing at the balance sheet date.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, API Maintenance Systems A/S, and subsidiaries in which the Parent Company, directly or indirectly holds more than 50% of the votes or in some other way exercises control. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Business combinations

When acquiring new entities, the purchase method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

Newly acquired or newly established entities are recognised in the consolidated financial statements at the date of acquisition or establishment. Divested or wound-up entities are recognised in the consolidated income statement up to the date of divestment or winding-up. Comparative figures are not restated to reflect acquisitions, divestments or windings-up.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Gains or losses on the divestment of subsidiaries and associates are calculated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including non-amortised goodwill and projected costs of divestment or winding-up.

Non-controlling interests

Items of subsidiaries are fully recognised in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' profit and of equity is included as part of the Group's profit and equity, respectively, but is presented separately.

Income statement

Gross profit

The Company uses the regulations in section 32 of the Danish Financial Statements Act, after which the revenue and productions costs has been consolidated to a gross profit.

Revenue

Revenue from the sale of maintenance systems and consultancy services is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end
- a binding sales agreement has been made
- the sales prices has been determined; and payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Production costs

Production costs comprise expenses, including depreciation, amortisation and wages and salaries which directly or indirectly are incurred to generate the revenue for the year.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

In addition, provisions for bad debts on contract work are recognised.

Distribution costs

Distribution costs comprise expenses in connection with sales representatives, promotion and development expenses, etc., including depreciation, amortisation and wages and salaries.

Administrative expenses

Administrative expenses comprise expenses in connection with administrative employees, management, office premises, office expenses, etc., including depreciation, amortisation and wages and salaries.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year, Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on account tax scheme, etc.

Dividends from equity investments in group entities measured at cost, are recognised as income in the Parent Company's income statement in the financial years when the dividend is declared.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax expense attributable to the profit for the year is recognised in the income statement, whereas the tax expense attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish. The tax effect of the joint taxation is allocated to entities in proportion to their taxable incomes.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

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

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

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 3 years.

Software

Software are measured at cost less accumulated amortisation and impairment losses. Software are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 3-5 years.

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The maximum amortisation period is between 5 and 20 years and longest for strategically acquired entities with a strong market position and long-term earnings profile.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Property, plant and equipment

Items of property, plants and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments

Investments in subsidiaries are measured at cost, Where the cost exceeds the recoverable amount value, the carrying amount is reduced to such lower value.

Other receivables and deposits are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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Notes

1 Accounting policies (continued)

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

Inventories

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

Finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price

Receivables

Receivables are measured at amortised cost.

Write down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, a write down is made.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividend, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established.

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Notes

1 Accounting policies (continued)

The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Current liabilities are measured at amortised cost, which usually corresponds to the nominal value of the liability.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

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Notes

1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries, which are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates ruling at the balance sheet date are recognised directly in equity.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are stated as the profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise purchase and sale of treasury shares, payments relating to increases or reductions in capital and related costs as well as payment of dividends to shareholders and raising and repayment of interest-bearing debt.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

2 Revenue

Revenue and gross profit allocation by activity and geographic markets is not disclosed in accordance section 96 (1) with the Danish Financial Statements Act as the information may be detrimental to the Company.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

3 Staff costs

	Group		Parent Company	
DKK'000	2016	2015	2016	2015
Wages and salaries	25,636	24,612	0	0
Pensions	2,443	2,319	0	0
Other staff costs	4,008	3,439	0	0
	32,087	30,370	0	0
Wages and Salaries, pensions, other social security cost and other staff cost are recognised in the following items:				
Distribution costs	30,370	28,626	0	0
Administrative expenses	1,717	1,746	0	0
	32,087	30,372	0	0
Average number of full-time employees	74	66	0	0

Remuneration of the Company's Management and Board of Directors is not disclosed pursuant to section 98b(3)(ii) of the Danish Financial Statements Act.

	Group		Parent Company	
DKK'000	2016	2015	2016	2015
4 Financial income				
Exchange rate adjustments	3	1	0	0
Other financial income	598	1,249	0	0
	601	1,250	0	0
5 Financial expenses				
Exchange rate adjustments costs	361	728	0	0
Other financial expenses	916	473	1	53
	1277	1,201	1	53

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DKK'000	Group		Parent Company	
	2016	2015	2016	2015
6 Tax on profit for the year				
Current tax for the year	1,087	1,081	-3	-3
Deferred tax adjustment for the year	770	927	0	0
	1,857	2,008	-3	-3

DKK'000	Group		Parent Company	
	2016	2015	2016	2015
7 Proposed profit appropriation				
Reserve for development costs	9,061	0	0	0
Retained earnings	-6,108	2,580	-12	-64
Non-controlling interests' share of subsidiaries profit/loss	663	314	0	0
	3,616	2,894	6,730	9,178

8 Intangible assets

DKK'000	Group				
	Software	Goodwill	Completed develop-ment projects	Develop-ment pro-jects in progress	Total
Cost at 1 January 2016	0	80,137	16,516	17,189	113,842
Additions on acquisition of subsidiary	10,450	13,515	0	0	23,965
Additions for the year	0	0	0	9,061	9,061
Transferred	0	0	17,189	-17,189	0
Cost at 31 December 2016	10,450	93,652	33,705	9,061	146,868
Depreciation at 1 January 2016	0	11,352	16,516	0	27,868
Depreciation for the year	0	4,008	5,729	0	9,737
Depreciation at 31 December 2016	0	15,360	22,245	0	37,605
Carrying amount at 31 December 2016	10,450	78,292	11,460	9,061	109,263

Amortisation and impairment of intangible assets are recognised in the following items:

DKK'000	2016	2015
Production costs	9,737	7,167
	9,737	7,167

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9 Property, plant and equipment

	Group		
DKK'000	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
Cost at 1 January 2016	3,885	287	4,172
Additions on acquisition of subsidiary	607	0	607
Additions for the year	285	0	285
Disposals for the year	-439	0	-439
Cost at 31 December 2016	4,338	287	4,625
Depreciation at 1 January 2016	-2,882	-191	-3,073
Additions on acquisition of subsidiary	-431	0	-431
Exchange rate adjustments	15	0	15
Depreciation for the year	-398	-26	-424
Depreciation on disposals	439	0	439
Depreciation at 31 December 2016	-3,257	-217	-3,474
Carrying amount at 31 December 2016	1,081	70	1,151

Depreciation is distributed as follows in the Group:

DKK'000	2016	2015
Production costs	241	186
Distribution costs	40	31
Administrative expenses	143	110
	424	327

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10 Equity investments in subsidiaries

	Parent Company	
	2016	2015
Cost at 1 January 2016	60,035	60,035
Additions for the year	0	0
Cost at 31 December 2016	60,035	60,035
Carrying amount at 31 December	60,035	60,035

Parent Company Investments in subsidiaries are specified as follows:	Place of registered office	Share capital	Votes and ownership	Net profit/loss for the year
				DKK'000
API Maintenance Holding ApS	Denmark	16,854	83.7%	3,628

11 Share capital

The share capital consists of 1,500 shares of a nominal value of DKK 1,000 each. No shares carry any special rights.

	Group		Parent Company	
DKK'000	2016	2015	2016	2015
12 Deferred tax				
Deferred tax at 1 January	3,607	2,680	0	0
Acquisition of subsidiary	2,299	0	0	0
Deferred tax adjustment for the year in the income statement	770	927	0	0
	6,676	3,607	0	0

Provision for deferred tax relates to software, development projects and receivables.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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13 Non-current liabilities other than provisions

Non-current liabilities other than provisions can be specified as follows:

	Group		Parent Company	
DKK'000	2016	2015	2016	2015
Mortgage debt				
0-1 years	5,000	0	0	0
1-5 years	13,000	0	0	0
>5 years	0	0	0	0
Total non-current liabilities other than provisions	18,000	0	0	0

Collateral is disclosed in note 16.

14 Deferred income

Deferred income, DKK 18,869 thousand (2015: DKK 14,145 thousand), comprises payments received from customers which cannot be recognised until the subsequent financial year.

15 Cash flow statement change in working capital

	Group	
DKK'000	2016	2015
Change in inventories	-1,926	0
Change in receivables	-15,256	1,206
Change in trade payables, etc,	18,981	3,265
	1,799	4,471

16 Contingent assets, liabilities and other financial obligations

Group

Securities

As collateral for credit facilities in credit institutions (banks), the Group has issued a floating charge of DKK 8,000 thousand. Debt to credit institutions (banks) amounted to DKK 14,216 thousand at the balance sheet date.

Operating leases

Lease obligations (operating leases) falling due within four years amount to DKK 1,227 thousand (2015: DKK 1,595 thousand).

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

16 Contingent assets, liabilities and other financial obligations (continued)

Parent

The Company is jointly taxed with the other companies in the Group, and as from the 2013 financial year, the Company is liable for tax claims on a pro rata basis. The maximum liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent.

Securities

As collateral for its debt to credit institutions, the Company has issued a charge in all shares in API Maintenance systems A/S. The carrying amount of the charged assets amounted to DKK 1,500 thousand.

17 Fee to auditor appointed at the general meeting

Pursuant to section 96(3) of the Danish Financial Statements Act, fees paid to the Company's auditor appointed at the general meeting have not been disclosed.

18 Related parties

TOPCAP API ApS' related parties comprise the following:

Related party transactions

Parent Company

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.