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TopCap X ApS
Borupvang 3
2750 Ballerup
Central Business Registration
No 35647643

Annual report 2016

The Annual General Meeting adopted the annual report on 31.05.2017

Chairman of the General Meeting

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Name: Ulrik Nicolai Jungersen

Contents

Entity details

Entity
TopCap X ApS
Borupvang 3
2750 Ballerup

Central Business Registration No: 35647643
Registered in: Ballerup
Financial year: 01.01.2016 - 31.12.2016

Executive Board
Jens Thøger Hansen
Ulrik Nicolai Jungersen
Erik Balleby Jensen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 Copenhagen C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of TopCap X ApS for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

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.

Ballerup, 31.05.2017

Executive Board

Jens Thøger Hansen Ulrik Nicolai Jungersen Erik Balleby Jensen

Independent auditor's report

To the shareholders of TopCap X ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of TopCap X ApS for the financial year 01.01.2016 - 31.12.2016, 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 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 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 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.

Copenhagen, 31.05.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Bjørn Winkler Jakobsen
State-Authorised Public Accountant

Henrik Hartmann Olesen
State-Authorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000
Financial highlights			
Key figures			
Gross profit	21.531	17.418	38.580
Operating profit/loss	(39.136)	(26.526)	3.527
Net financials	(2.596)	(2.091)	(1.616)
Profit/loss for the year	(40.085)	(26.977)	(3.690)
Total assets	122.790	148.804	140.072
Investments in property, plant and equipment	135	334	2.651
Equity incl minority interests	62.212	94.983	91.814
Cash flows from (used in) operating activities	(3.079)	(9.663)	11.153
Cash flows from (used in) investing activities	(10.464)	(11.786)	(129.242)
Cash flows from (used in) financing activities	7.689	17.590	119.767
Ratios			
Return on equity (%)	(51,0)	(28,9)	(4,0)

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 (%)	Profit/loss for the year x 100 / Average equity incl minority interests	The entity's return on capital invested in the entity by the owners.

Management commentary

Primary activities
The Group's activities comprise development, sales marketing and operation of an online video platform and related actitivites for the OTT video and TV Everywhere industry.

The Parent's primary activities are to invest in and own shares in other companies.

Development in activities and finances
Xstream A/S
Xstream A/S achieved an unsatisfactorily financial result in 2016.

During the year the company refocused its strategy towards existing customer base and reduce its presence in overseas markets with an emphasis on servicing customer and potential new prospects from its offices in Denmark and Poland.

Management has during the last six months implemented a number of organizational changes and cost reduction measures and expects the results for 2017 to be positive in line with the Company's plans and does not expect to require additional funding.

The Company's agreements on credit facilities with its banks and owners secures sufficient liquidity for 2017 in line with the Company's plans.

Several management changes took place during the year. CEO Simon Høgsbro, CTO Michael (Mike) McMahon and CSO Jan Bertil Dahms all left the company. Laurits Tygesen was appointed new CEO in August 2016.

In October and November the Company received in total DKK 4,000,000 through increase of capital.

The Company relocated its offices from Copenhagen to Ballerup.

Xstream Sp. z.o.o achieved a satisfying results in 2016. For 2017 a satisfying result in line with previous year is expected.

Xstream North America Inc. the activities in the company was slowed down during fourth quarter of the year. The company remain temporarily dormant with management expected to decide on future activity level during 2017.

Xstream Asia Pte Ltd the activities in the company was closed down during the year. The company will be closed during 2017.

Corporate Governance
The Company is part of a group, in which Danish private equity fund Capidea is a majority shareholder.

Companies owned by private equity funds and presenting the annual report after the provisions applying to reporting class C large entities are to incorporate DVCA's (Danish Venture Capital Association) guidelines for the corporate governance.

Management commentary

The Company presents the annual report in accordance with the provisions applying to class C medium entities and is therefore not fully covered by the DVCA's guidelines but has voluntarily chosen to present additional relevant information.

Capidea is represented by partner Mr. Ulrik Nicolai Jungersen on the Executive Board.

Uncertainty relating to recognition and measurement

Goodwill

Based on the development of the activities in the Group Management has tested the goodwill and related assets for impairment. Based on the impairment test Management has recognised impairment losses relating to goodwill of DKK 20,000k.

Measurement of goodwill will depend on both business specific matters, including growth potential, performance, risks, etc as well as market-related matters including demand for the industri in question, etc.

Consequently, the measurement of goodwill and related assets are subject to estimates and uncertainties. The evaluation of the measurement of goodwill and related assets is based on a multiple method comprising an assessment of the sensitivity of the value adjustments of the multiple.

Development projects

In 2016, the Group recognised total development projects of DKK 22,184k in the balance sheet. The Group expects these projects (software) to contribute significantly to future profits.

Deferred tax assets

The Group has a deferred tax asset of DKK 6,348k concerning tax loss carryforwards which has not been recognised based on the uncertainty of the utilisation.

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 2016

	Notes	2016 DKK	2015 DKK
Gross profit		**21.531.002**	**17.417.705**
Staff costs	2	(25.680.131)	(31.193.048)
Depreciation, amortisation and impairment losses	3	(34.987.370)	(12.750.961)
Operating profit/loss		**(39.136.499)**	**(26.526.304)**
Other financial income		962.780	1.143.762
Other financial expenses		(3.558.560)	(3.234.295)
Profit/loss before tax		**(41.732.279)**	**(28.616.837)**
Tax on profit/loss for the year	4	1.647.020	1.640.240
Profit/loss for the year	5	**(40.085.259)**	**(26.976.597)**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Completed development projects		22.184.321	19.939.203
Acquired intangible assets		29.735	158.797
Goodwill		75.875.961	101.623.032
Intangible assets	6	**98.090.017**	**121.721.032**
Other fixtures and fittings, tools and equipment		378.710	984.195
Property, plant and equipment	7	**378.710**	**984.195**
Deposits		59.400	356.125
Other receivables		919.366	978.715
Fixed asset investments	8	**978.766**	**1.334.840**
Fixed assets		**99.447.493**	**124.040.067**
Trade receivables		12.178.152	13.888.153
Deferred tax	9	110.833	610.663
Other receivables		1.377.715	2.544.152
Income tax receivable		2.658.750	2.818.911
Prepayments		1.098.843	1.005.116
Receivables		**17.424.293**	**20.866.995**
Cash		**5.918.213**	**3.896.930**
Current assets		**23.342.506**	**24.763.925**
Assets		**122.789.999**	**148.803.992**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Contributed capital		11.849.035	11.056.591
Retained earnings		48.166.991	73.705.267
Equity attributable to the Parent's owners		**60.016.026**	**84.761.858**
Share of equity attributable to minority interests		**2.195.565**	**10.221.263**
Equity		**62.211.591**	**94.983.121**
Deferred tax	9	4.666.584	4.680.210
Other provisions		2.893	8.469
Provisions		**4.669.477**	**4.688.679**
Debt to other credit institutions		25.000.000	25.000.000
Non-current liabilities other than provisions		**25.000.000**	**25.000.000**
Bank loans		13.951.782	6.077.375
Prepayments received from customers		6.527.093	6.010.821
Trade payables		3.400.081	4.566.096
Payables to associates		0	1.099.848
Other payables		7.029.975	6.378.052
Current liabilities other than provisions		**30.908.931**	**24.132.192**
Liabilities other than provisions		**55.908.931**	**49.132.192**
Equity and liabilities		**122.789.999**	**148.803.992**
Uncertainty relating to recognition and measurement	1		
Unrecognised rental and lease commitments	11		
Mortgages and securities	12		
Subsidiaries	13		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Share of equity attributable to minority interests DKK
Equity beginning of year	11.056.591	0	73.705.267	10.221.263
Effect of mergers and business combinations	0	0	5.725.044	(5.725.044)
Increase of capital	792.444	6.783.314	0	113.708
Transferred from share premium	0	(6.783.314)	6.783.314	0
Exchange rate adjustments	0	0	(376.742)	(54.470)
Other equity postings	0	0	48.467	7.008
Profit/loss for the year	0	0	(37.718.359)	(2.366.900)
Equity end of year	**11.849.035**	**0**	**48.166.991**	**2.195.565**

	Total DKK
Equity beginning of year	94.983.121
Effect of mergers and business combinations	0
Increase of capital	7.689.466
Transferred from share premium	0
Exchange rate adjustments	(431.212)
Other equity postings	55.475
Profit/loss for the year	(40.085.259)
Equity end of year	**62.211.591**

Consolidated cash flow statement for 2016

	Notes	2016 DKK	2015 DKK
Operating profit/loss		(39.136.499)	(26.526.304)
Amortisation, depreciation and impairment losses		34.987.370	12.750.961
Other provisions		(5.576)	27.841
Working capital changes	10	1.685.043	5.351.822
Cash flow from ordinary operating activities		**(2.469.662)**	**(8.395.680)**
Financial income received		962.780	1.143.762
Financial income paid		(3.711.223)	(2.219.788)
Income taxes refunded/(paid)		2.139.576	(190.939)
Cash flows from operating activities		**(3.078.529)**	**(9.662.645)**
Acquisition etc of intangible assets		(10.667.014)	(11.413.598)
Acquisition etc of property, plant and equipment		(134.885)	(334.076)
Sale of property, plant and equipment		23.081	0
Acquisition of fixed asset investments		(59.400)	(38.356)
Sale of fixed asset investments		374.157	0
Cash flows from investing activities		**(10.464.061)**	**(11.786.030)**
Dividend paid		0	(330.573)
Cash increase of capital		7.689.466	17.920.566
Cash flows from financing activities		**7.689.466**	**17.589.993**
Increase/decrease in cash and cash equivalents		**(5.853.124)**	**(3.858.682)**
Cash and cash equivalents beginning of year		(2.180.445)	1.678.237
Cash and cash equivalents end of year		**(8.033.569)**	**(2.180.445)**
Cash and cash equivalents at year-end are composed of:			
Cash		5.918.213	3.896.930
Short-term debt to banks		(13.951.782)	(6.077.375)
Cash and cash equivalents end of year		**(8.033.569)**	**(2.180.445)**

Notes to consolidated financial statements

1. Uncertainty relating to recognition and measurement

Goodwill

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Measurement of goodwill will depend on both business specific matters, including growth potential, performance, risks, etc as well as market-related matters including demand for the industri in question, etc.

Consequently, the measurement of goodwill and related assets are subject to estimates and uncertainties. The evaluation of the measurement of goodwill and related assets is based on a multiple method comprising an assessment of the sensitivity of the value adjustments of the multiple.

Development projects

In 2016, the Group recognised total development projects of DKK 22,184k in the balance sheet. The Group expects these projects (software) to contribute significantly to future profits.

Deferred tax assets

The Group has a deferred tax asset of DKK 6,348k concerning tax loss carryforwards which has not been recognised based on the uncertainty of the utilisation.

	2016 DKK	**2015 DKK**
2. Staff costs		
Wages and salaries	22.096.184	26.824.251
Pension costs	472.009	361.466
Other social security costs	2.329.673	2.531.999
Other staff costs	782.265	1.475.332
	25.680.131	**31.193.048**
Average number of employees	**37**	**44**

	2016 DKK	**2015 DKK**
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	12.350.513	10.378.728
Impairment losses on intangible assets	21.944.884	1.370.023
Depreciation of property, plant and equipment	674.397	908.208
Impairment losses on property, plant and equipment	0	94.002
Profit/loss from sale of intangible assets and property, plant and equipment	17.576	0
	34.987.370	**12.750.961**

Notes to consolidated financial statements

	2016 DKK	2015 DKK
4. Tax on profit/loss for the year		
Tax on current year taxable income	(2.115.401)	(2.127.211)
Change in deferred tax for the year	472.008	962.611
Adjustment concerning previous years	(3.627)	(475.640)
	(1.647.020)	**(1.640.240)**

	2016 DKK	2015 DKK
5. Proposed distribution of profit/loss		
Retained earnings	(37.718.359)	(17.024.051)
Minority interests' share of profit/loss	(2.366.900)	(9.952.546)
	(40.085.259)	**(26.976.597)**

	Completed develop-ment projects DKK	Acquired intangible assets DKK	Goodwill DKK
6. Intangible assets			
Cost beginning of year	31.838.422	590.400	112.348.900
Exchange rate adjustments	0	(12.616)	0
Transfers	0	0	543.337
Additions	10.612.770	54.244	0
Cost end of year	**42.451.192**	**632.028**	**112.892.237**
Amortisation and impairment losses beginning of year	(11.899.219)	(431.603)	(10.725.868)
Exchange rate adjustments	0	9.984	0
Transfers	0	0	(543.337)
Impairment losses for the year	(1.944.884)	0	(20.000.000)
Amortisation for the year	(6.422.768)	(180.674)	(5.747.071)
Amortisation and impairment losses end of year	**(20.266.871)**	**(602.293)**	**(37.016.276)**
Carrying amount end of year	**22.184.321**	**29.735**	**75.875.961**

The cost price of development projects is derived from time spent in the subsidiary Xstream Sp. z.o.o. expressed in man-hours and cost of man-hour. On an on-going basis Management assess the value of the assets.

With the closing of each fiscal year Management carry out a thorough assessment of all intangible assets consisting of the following elements:

1. On-line video market potential

Notes to consolidated financial statements

2. Business case and the assets value compared to the present value of the discounted future cash flows from business (impairment test.

	Other fixtures and fittings, tools and equipment DKK
7. Property, plant and equipment	
Cost beginning of year	3.481.335
Exchange rate adjustments	(64.404)
Transfers	2.523.598
Additions	134.885
Disposals	(4.007.755)
Cost end of year	**2.067.659**
Depreciation and impairment losses beginning of the year	(2.497.140)
Exchange rate adjustments	45.992
Transfers	(2.523.598)
Depreciation for the year	(674.397)
Reversal regarding disposals	3.960.194
Depreciation and impairment losses end of the year	**(1.688.949)**
Carrying amount end of year	**378.710**

	Deposits DKK	Other receivables DKK
8. Fixed asset investments		
Cost beginning of year	356.125	978.715
Exchange rate adjustments	0	(41.317)
Additions	59.400	0
Disposals	(356.125)	(18.032)
Cost end of year	**59.400**	**919.366**
Carrying amount end of year	**59.400**	**919.366**

Notes to consolidated financial statements

	2016 DKK	2015 DKK
9. Deferred tax		
Intangible assets	4.868.992	4.388.637
Property, plant and equipment	(239.711)	(245.812)
Provisions	(550)	(1.609)
Liabilities other than provisions	(72.980)	(71.669)
	4.555.751	**4.069.547**

	2016 DKK	2015 DKK
10. Change in working capital		
Increase/decrease in receivables	2.782.711	(5.712.209)
Increase/decrease in trade payables etc	(1.097.668)	11.064.031
	1.685.043	**5.351.822**

	2016 DKK	2015 DKK
11. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**2.975.135**	**3.159.000**

12. Mortgages and securities

As security for bank loans the subsidiary Xstream A/S has provided a floating charge of DKK 5,000,000 comprising goodwill, development projects, acquired intangible assets, other fixtures and fittings, tools and equipment, trade receivables and other receivables with a total carrying amount of DKK 37,919,590.

	Registered in	Corpo-rate form	Equity inte-rest %
13. Subsidiaries			
CapHold X ApS	Copenhagen	ApS	97,4
Xstream A/S	Copenhagen	A/S	89,7
Xstream Spólka z.o.o.	Poland	z.o.o.	100,0
Xstream Inc.	United States	Inc.	100,0
Xstream Asia Pte. Ltd.	Singapore	Ltd.	100,0

Parent income statement for 2016

	Notes	2016 DKK	2015 DKK
Gross loss		**(50.625)**	**(35.000)**
Income from investments in group enterprises		(33.007.085)	(16.266.752)
Other financial income		117.140	0
Other financial expenses		(1.031)	(670)
Profit/loss before tax		**(32.941.601)**	**(16.302.422)**
Tax on profit/loss for the year	2	9.534	3.304
Profit/loss for the year	3	**(32.932.067)**	**(16.299.118)**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Investments in group enterprises		53.579.137	83.028.203
Fixed asset investments	4	**53.579.137**	**83.028.203**
Fixed assets		**53.579.137**	**83.028.203**
Receivables from group enterprises		5.117.140	0
Income tax receivable		9.541	3.192
Receivables		**5.126.681**	**3.192**
Cash		**1.349.710**	**2.658.090**
Current assets		**6.476.391**	**2.661.282**
Assets		**60.055.528**	**85.689.485**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Contributed capital	5	11.849.035	11.056.591
Retained earnings		48.127.118	74.604.144
Equity		**59.976.153**	**85.660.735**
Payables to group enterprises		48.750	0
Other payables		30.625	28.750
Current liabilities other than provisions		**79.375**	**28.750**
Liabilities other than provisions		**79.375**	**28.750**
Equity and liabilities		**60.055.528**	**85.689.485**
Uncertainty relating to recognition and measurement	1		
Contingent liabilities	6		
Related parties with controlling interest	7		

Parent statement of changes in equity for 2016

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	11.056.591	0	74.604.144	85.660.735
Increase of capital	792.444	6.783.314	0	7.575.758
Exchange rate adjustments	0	0	(376.740)	(376.740)
Other equity postings	0	0	48.467	48.467
Transfer to reserves	0	(6.783.314)	6.783.314	0
Profit/loss for the year	0	0	(32.932.067)	(32.932.067)
Equity end of year	**11.849.035**	**0**	**48.127.118**	**59.976.153**

Notes to parent financial statements

1. Uncertainty relating to recognition and measurement

Based on the development of the activities in the subsidiary Xstream A/S, the Company has tested the investment for impairment. Based on the impairment test, Management has recognised impairment losses relating to goodwill of DKK 20,000k in the financial statements of CapHold X ApS.

In relation to the Company's investments in unlisted companies, measurement will depend on both entity specific matters, including growth potential, performance, risks, etc as well as market-related matters including demand for the industri in question, etc.

Consequently, the measurement of investments and related goodwill is subject to estimates and uncertainties. The evaluation of the measurement of the investment is based on a discounted cash flow model which is specifically sensitive to the inputs of expected future cash flows, WACC, terminal growth etc.

	2016 DKK	2015 DKK
2. Tax on profit/loss for the year		
Tax on current year taxable income	(9.541)	(3.192)
Adjustment concerning previous years	7	(112)
	(9.534)	**(3.304)**

	2016 DKK	2015 DKK
3. Proposed distribution of profit/loss		
Retained earnings	(32.932.067)	(16.299.118)
	(32.932.067)	**(16.299.118)**

	Investments in group enterprises DKK
4. Fixed asset investments	
Cost beginning of year	103.019.125
Additions	3.886.292
Cost end of year	**106.905.417**
Impairment losses beginning of year	(19.990.922)
Exchange rate adjustments	(376.740)
Adjustments on equity	48.467
Share of profit/loss for the year	(33.007.085)
Impairment losses end of year	**(53.326.280)**
Carrying amount end of year	**53.579.137**

Notes to parent financial statements

	Registered in	Corporate form	Equity interest %
Investments in associates comprise:			
CapHold X ApS	Ballerup	ApS	97,4

	Number	Par value DKK	Nominal value DKK
5. Contributed capital			
Class A	11.730.544	1	11.730.544
Class B	118.491	1	118.491
	11.849.035		**11.849.035**

6. Contingent liabilities

The Company 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 from the financial year 2014 for income taxes etc for the jointly taxed entities and for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

7. Related parties with controlling interest

Capidea Kapital II K/S owns more than 50% of the voting share capital and controls the Company.

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 medium enterprises.

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

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales, and external expenses.

Revenue

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Accounting policies

Cost of sales
Cost of sales comprises cost of sales in the financial year measured at cost.

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. This item also includes writedowns of receivables recognised in current assets.

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 the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

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

Other financial income
Other financial income comprises interest income, net capital gains on securities, payables and transactions in foreign currencies 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, net capital losses on securities, payables and transactions in foreign currencies 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.

Accounting policies

The Parent Entity is jointly taxed with all Danish subsidiaries. The curent Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

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 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 20 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 and acquired intellectual property rights.

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 expenditure that is reduced as the development projects are amortised and written down.

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 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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 recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-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 the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 20 years.

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

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

Income tax payable or receivable
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.

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

Accounting policies

Cash
Cash comprises cash in hand and bank deposits.

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 carryforwards, 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.

Other provisions
Other provisions comprise provisions for pensions-related benefits and similar.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

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

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery.

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 and payment of dividend.

Accounting policies

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