

Leadership Pipeline Institute A/S

Baneskellet 21, 2950 Vedbæk

Annual report for
the period
1 January to 31 December 2016
(3th Financial year)

Adopted at the annual general meeting on
24 April 2017

Kent Oksfelt Jonasen

CVR no 35 86 45 04

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Statement by Management on the annual report

The Executive and Supervisory Boards have today discussed and approved the annual report of Leadership Pipeline Institute A/S 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 financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

In our opinion, Management's review includes a fair review of the matters dealt with in the Management's review

We recommend the adoption of the annual report at the annual general meeting.

Vedbæk, 24 April 2017

Executive Board

Kent Oksfelt Jonassen
direktør

Supervisory Board

Stephen John Drotter
Chairman

Søren Jens Laugaard
Deputy Chairman

Direktør Kent Oksfelt Jonassen

Independent auditor's report

To the shareholders of Leadership Pipeline Institute A/S

Opinion

We have audited the financial statements of Leadership Pipeline Institute A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, notes and summary of significant accounting policies, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations 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 financial statements" section of our report. We are independent of the company 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 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 financial Statements

Management is responsible for the preparation of 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 Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the 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 Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the financial statements

Independent auditor's report

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

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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 Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the 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 Management's Review.

Frederiksberg, 24 April 2017
Revisionsfirmaet Morten Schneider
Statsautoriseret revisionsvirksomhed
CVR-nr. 33 17 69 96

Morten Schneider
statsautoriseret revisor

Company details

The Company

Leadership Pipeline Institute A/S
Baneskellet 21
2950 Vedbæk

CVR no.: 35 86 45 04
Reporting period: 1 January - 31 December
Domicile: Rudersdal

Supervisory Board

Stephen John Drotter, Chairman, Chairman
Søren Jens Laugaard, Deputy Chairman, Deputy Chairman
Kent Oksfelt Jonassen

Executive Board

Kent Oksfelt Jonassen, direktør

Auditors

Revisionsfirmaet Morten Schneider
Statsautoriseret revisionsvirksomhed
Dalgas Boulevard 168
2000 Frederiksberg

Management's review

Business activities

The Company's objective is to sell royalty in connection with educational programmes and to carry on other related activities.

Business review

The Company's income statement for the year ended 31 December shows a profit of DKK 1.134.784, and the balance sheet at 31 December 2016 shows equity of DKK 2.087.844.

Income statement 1 January - 31 December 2016

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Revenue		3.436.132	1.480.566
Other external expenses		-2.244.025	-897.207
Gross profit		1.192.107	583.359
Earnings Before Interest Taxes Depreciation and Amortization		1.192.107	583.359
Profit/loss from ordinary operating activities before gains/losses from fair value adjustments		1.192.107	583.359
Profit/loss before financial income and expenses		1.192.107	583.359
Income from investments in subsidiaries	1	213.856	-65.840
Financial income		0	253
Financial costs	2	-8.917	-14.958
Profit/loss before tax		1.397.046	502.814
Tax on profit/loss for the year	3	-262.262	-105.797
Net profit/loss for the year		<u>1.134.784</u>	<u>397.017</u>
Proposed dividend for the year		900.000	400.000
Reserve for net revaluation under the equity method		80.491	52.565
Retained earnings		154.293	-55.548
		<u>1.134.784</u>	<u>397.017</u>

Balance sheet at 31 December 2016

	Note	2016	2015
		DKK	DKK
Assets			
Investments in subsidiaries	4	528.330	314.474
Fixed asset investments		528.330	314.474
Fixed assets total		528.330	314.474
Trade receivables		344.801	761.010
Other receivables		97.576	7.570
Receivables		442.377	768.580
Cash at bank and in hand		1.771.023	500.163
Current assets total		2.213.400	1.268.743
Assets total		2.741.730	1.583.217

Balance sheet at 31 December 2016

	Note	2016	2015
		DKK	DKK
Liabilities and equity			
Share capital		500.000	500.000
Reserve for net revaluation under the equity method		133.056	52.565
Retained earnings		554.788	400.495
Proposed dividend for the year		900.000	400.000
Equity	5	2.087.844	1.353.060
Payables to associates		112.707	6.910
Corporation tax		271.179	105.797
Other payables		270.000	117.450
Short-term debt		653.886	230.157
Debt total		653.886	230.157
Liabilities and equity total		2.741.730	1.583.217
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Charges and securities	7		

Notes

1 Income from investments in subsidiaries

Share of profits of subsidiaries	213.856	52.565
Share of losses of subsidiaries	<u>0</u>	<u>-118.405</u>
	<u>213.856</u>	<u>-65.840</u>

2 Financial costs

Other financial costs	8.917	-2
Exchange adjustments costs	<u>0</u>	<u>14.960</u>
	<u>8.917</u>	<u>14.958</u>

3 Tax on profit/loss for the year

Current tax for the year	<u>262.262</u>	<u>105.797</u>
	<u>262.262</u>	<u>105.797</u>

4 Investments in subsidiaries

Cost at 1 January 2016	395.274	0
Additions for the year	<u>0</u>	<u>395.274</u>
Cost at 31 December 2016	<u>395.274</u>	<u>395.274</u>
Revaluations at 1 January 2016	-80.800	0
Exchange adjustment	0	-14.960
Net profit/loss for the year	<u>213.856</u>	<u>-65.840</u>
Revaluations at 31 December 2016	<u>133.056</u>	<u>-80.800</u>
Carrying amount at 31 December 2016	<u>528.330</u>	<u>314.474</u>

Notes

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Votes and ownership</u>	<u>Equity</u>	<u>Net profit/loss for the year</u>
LP- Institute US LLC Leadership pipeline	USA	75%	565.282	342.187
Institute Norge AS	Norge	100%	<u>98.943</u>	<u>7.564</u>
			<u>664.225</u>	<u>349.751</u>

5 Equity

	<u>Share capital</u>	<u>Reserve for net revaluation under the equity method</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
Equity at 1 January 2016	500.000	52.565	400.495	400.000	1.353.060
Ordinary dividend paid	0	0	0	-400.000	-400.000
Net profit/loss for the year	<u>0</u>	<u>80.491</u>	<u>154.293</u>	<u>900.000</u>	<u>1.134.784</u>
Equity at 31 December 2016	<u>500.000</u>	<u>133.056</u>	<u>554.788</u>	<u>900.000</u>	<u>2.087.844</u>

6 Contingent assets, liabilities and other financial obligations

7 Charges and securities

Accounting policies

The annual report of Leadership Pipeline Institute A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

The annual report for 2016 is presented in DKK

As 2016 is the company's first reporting period, no comparatives have been presented.

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's 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's 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.

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 are presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.

Accounting policies

Revenue

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Profit/loss from investments in subsidiaries and associates

Tax on profit/loss for the year

Balance sheet

Investments in subsidiaries and associates

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, reconstructions, etc. Provisions are recognised when as a result of a past event the company's has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Accounting policies

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income comprises payments received concerning income in subsequent reporting years.