martinsen
Rådgivning & Revision

Scotia A/S

Frederiksgade 21, 1., 1265 Copenhagen

Annual report

2015

Company reg. no. 36 08 43 32

The annual report has been submitted and approved by the general meeting on the 13 June 2016.

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Steven Scott
Chairman of the meeting

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Notes to users of the English version of this document:

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

Management's report

The board of directors and the managing director have today presented the annual report of Scotia A/S for the financial year 1 January to 31 December 2015.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

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

Copenhagen, 2 May 2016

Managing Director

Casper Slumstrup

Board of directors

Scott Macaw	Robert Aron Robertsson	Steven Scott
Gorm Teichert		

The independent auditor's reports

To the shareholders of Scotia A/S

Report on the annual accounts

We have audited the annual accounts of Scotia A/S for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the annual accounts

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

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.

The independent auditor's reports

Opinion

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Emphasis of matter paragraph on other matters

We draw attention to the fact that the company have lost its contributed capital and therefore is subject to the capital loss rules in the Danish companies act, § 119. Our opinion is not qualified in respect of this matter.

Copenhagen, 2 May 2016

Martinsen
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Leif Tomasson
State Authorised Public Accountant

Company data

The company	Scotia A/S Frederiksgade 21, 1. 1265 Copenhagen	
	Company reg. no.:	36 08 43 32
	Established:	5 September 2014
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December 2nd financial year
Board of directors	Scott Macaw Robert Aron Robertsson Steven Scott Gorm Teichert	
Managing Director	Casper Slumstrup	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Øster Allé 42 2100 København Ø	
	Phone:	+45 35 38 48 88
	www.martinsen.dk	

Accounting policies used

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

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

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

The profit and loss account

Gross loss

The gross loss comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Contract work in progress concerning construction contracts is recognised concurrently with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

Accounting policies used

Cost of sales include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

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

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

Capitalised development costs are measured at cost with deduction of accrued amortisation or at the recoverable value, if this is lower.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 5 years and does not exceed 20 years.

Accounting policies used

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the realisation of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under amortisation.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of expected residual value after the end of the useful life of the asset.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Other plants, operating assets, fixtures and furniture	7 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

Accounting policies used

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

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

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Liabilities

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

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2015	2014
	Gross loss	**-3.405.955**	**363.362**
2	Staff costs	-704.600	0
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-476.779	-107.388
	Operating profit	**-4.587.334**	**255.974**
3	Other financial costs	-652.198	2.638
	Results before tax	**-5.239.532**	**258.612**
	Tax on ordinary results	0	0
	Results for the year	**-5.239.532**	**258.612**
	Proposed distribution of the results:		
	Allocated to results brought forward	0	258.612
	Allocated from results brought forward	-5.239.532	0
	Distribution in total	**-5.239.532**	**258.612**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2015	2014
	Fixed assets		
4	Development projects in progress, patents and licences	1.375.886	1.368.076
5	Acquired concessions, trademarks and similar rights	2.271.333	345.333
	Intangible fixed assets in total	3.647.219	1.713.409
6	Other plants, operating assets, and fixtures and furniture	683.885	361.050
	Tangible fixed assets in total	683.885	361.050
	Fixed assets in total	**4.331.104**	**2.074.459**
	Current assets		
	Raw materials and consumables	503.796	355.096
	Inventories in total	503.796	355.096
	Trade debtors	709.890	48.956
	Amounts owed by group enterprises	0	29.441
	Other debtors	798.803	69.778
	Accrued income and deferred expenses	89.138	0
	Debtors in total	1.597.831	148.175
	Cash funds	1.057.807	9.406
	Current assets in total	**3.159.434**	**512.677**
	Assets in total	**7.490.538**	**2.587.136**

Balance sheet 31 December

All amounts in DKK.

Note	Equity and liabilities	2015	2014
	Equity		
7	Contributed capital	568.182	500.000
8	Results brought forward	-4.676.697	258.612
	Equity in total	**-4.108.515**	**758.612**
	Liabilities		
9	Convertible loan	10.324.500	0
	Long-term liabilities in total	10.324.500	0
	Trade creditors	982.786	1.186.754
	Debt to group enterprises	9.977	461.170
	Other debts	281.790	180.600
	Short-term liabilities in total	1.274.553	1.828.524
	Liabilities in total	**11.599.053**	**1.828.524**
	Equity and liabilities in total	**7.490.538**	**2.587.136**

10 Mortgage and securities

11 Contingencies

Notes

All amounts in DKK.

1. The significant activities of the enterprise

The object of the company is to do business with lightning and integraded power supply solutions.

		2015	2014
2.	**Staff costs**		
	Salaries and wages	701.540	0
	Other costs for social security	3.060	0
		704.600	**0**

		2015	2014
3.	**Other financial costs**		
	Other financial costs	652.198	-2.638
		652.198	**-2.638**

		2015	2014
4.	**Development projects in progress, patents and licences**		
	Cost 1 January	1.438.106	0
	Additions during the year	312.785	1.438.106
	Cost 31 December	**1.750.891**	**1.438.106**
	Amortisation and writedown 1 January	-70.030	0
	Amortisation for the year	-304.975	-70.030
	Amortisation and writedown 31 December	**-375.005**	**-70.030**
	Book value 31 December	**1.375.886**	**1.368.076**

Notes

All amounts in DKK.

		31/12 2015	31/12 2014
5.	**Acquired concessions, trademarks and similar rights**		
	Cost 1 January	370.000	0
	Additions during the year	2.000.000	370.000
	Cost 31 December	**2.370.000**	**370.000**
	Amortisation and writedown 1 January	-24.667	0
	Amortisation for the year	-74.000	-24.667
	Amortisation and writedown 31 December	**-98.667**	**-24.667**
	Book value 31 December	**2.271.333**	**345.333**
6.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January	373.741	0
	Additions during the year	377.186	373.741
	Cost 31 December	**750.927**	**373.741**
	Depreciation and writedown 1 January	-12.691	0
	Depreciation for the year	-54.351	-12.691
	Depreciation and writedown 31 December	**-67.042**	**-12.691**
	Book value 31 December	**683.885**	**361.050**
7.	**Contributed capital**		
	Contributed capital 1 January	500.000	500.000
	Cash capital increase	68.182	0
		568.182	**500.000**

The share capital consists of 568.182 shares, each with a nominal value of DKK 1. No shares hold particular rights.

Notes

All amounts in DKK.

		31/12 2015	31/12 2014
8.	**Results brought forward**		
	Results brought forward 1 January	258.612	0
	Profit or loss for the year brought forward	-5.239.532	258.612
	Share premium	304.223	0
		-4.676.697	**258.612**

9. Convertible loan

The convertible loan is part of a Loan Commitment of 2.300.000 Euro of which 3 out of 5 tranches has been received in 2015. The last tranche has been received in 2016.

Up to 1.000.000 Euro together with any accrued interest can be converted into shares from July 17, 2016 to an including December 31, 2016. The conversion rate is 27,3588 DKK pr. share of 1 DKK.

Up to 1.000.000 Euro together with any accrued interest can be converted into shares from January 1, 2020 to an including December 31, 2021. The conversion will depend on the valuation of the company of 8 * EBITDA. The conversion rate cannot be less tan 1 DKK pr. share of 1 DKK.

If the loan is not converted to shares prior to December 31, 2021 the loan shall be repaid in full.

10. Mortgage and securities

There are no mortgage, guaranties or securities at 31 December 2015.

Notes

All amounts in DKK.

11. Contingencies

Joint taxation

Studio Steven Scott ApS being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

Scotia A/S has withdrawn from joint taxation as of 17 July 2015, as from the time of withdrawal from the joint taxation, the company is not liable for any tax claims against the other jointly taxed companies.