

NORTHCAPITAL HOLDING APS

Nyhavn 53 C

1051 København K

CVR No. 37861715

Annual Report 2016/17

1. financial year

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 28 August 2017

Werner Maria Anton Schmidt
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of NORTHCAPITAL HOLDING APS for the financial year 8 July 2016 - 30 June 2017.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 30 June 2017 and of the results of the Company's operations for the financial year 8 July 2016 - 30 June 2017.

The conditions for deselecting an audit of the Financial Statement are met. Hence the Board of directors have decided to deselect to audit the Financial Statement for the coming financial year.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 28 August 2017

Executive management

Werner Maria Anton Schmidt
CEO

Kim Hersland
CFO

Board of directors

Werner Maria Anton Schmidt
CEO

Christian Frederik Harboe Wissum
Chairman

Kim Hersland
CFO

Company details

Company	NORTHCAPITAL HOLDING APS Nyhavn 53 C 1051 København K
CVR No.	37861715
Date of formation	8 July 2016
Registered office	København
Financial year	8 July 2016 - 30 June 2017
Board of directors	Werner Maria Anton Schmidt, CEO Christian Frederik Harboe Wissum , Chairman Kim Hersland , CFO
Executive Management	Werner Maria Anton Schmidt, CEO Kim Hersland , CFO

Management's Review

The Company's principal activities

Welcome to our 2016/17 Annual Report outlining the financial results of NorthCapital Holding, - a diversified North-European Investment Company with its main focus on the precious stones and diamonds sector. NorthCapital ranges among Europe's largest investors in this field. The Company will in the years ahead continue to focus on this activity.

Incorporated in 2016 NorthCapital Holding ApS serves as holding company for present and future activities of the NorthCapital Group.

In 2017 the Company has started a consolidation process in which a number of activities and existing assets have been transferred to NorthCapital Holding ApS with a view to creating a significant and financially strong entity as the foundation for the NorthCapital Group.

The main activities will be organized and conducted through group entities, most of which will be 100% owned subsidiaries, each representing a specialized line of business.

Besides its main activity within the precious stones & minerals sector NorthCapital Group also have interests in:

- Oil & Commodities Trading
- Corporate Finance
- M&A and Investment Activities
- Fine Arts, and
- Engineering

Most of NorthCapital's activities take place outside Denmark. In particular the precious stone business requires a substantial presence in Brazil.

Development in Activities and Financial Matters

In the course of the financial year investments have been made in precious stones & raw and cut diamonds

The Company's Income Statement of the financial year 8 July 2016 - 30 June 2017 shows a result of EUR -1.210.000 and the Balance Sheet at 30 June 2017 a balance sheet total of EUR 500.839.125 and an equity of EUR 348.790.000.

Group Restructuring

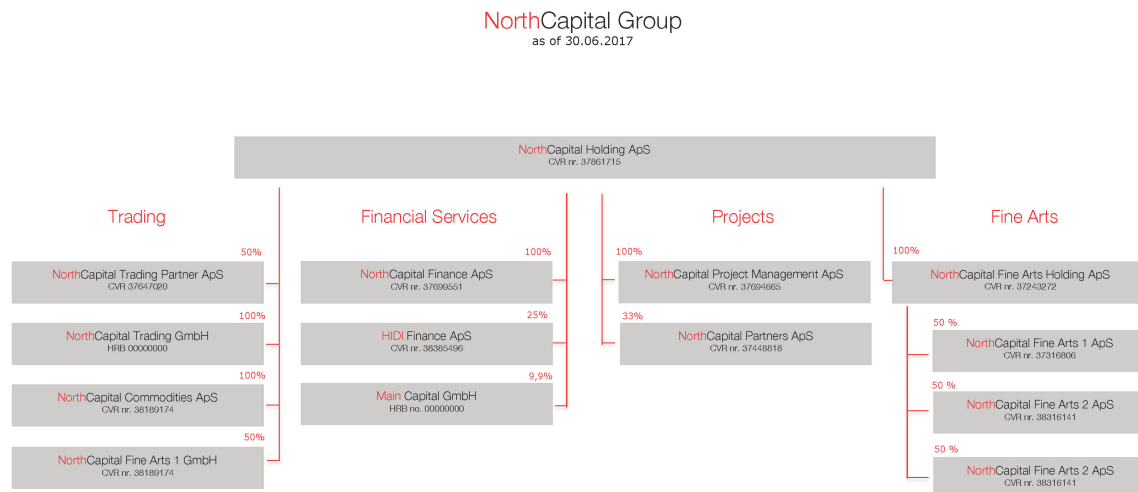
As a result of a technical restructuring of the group all activities of NorthCapital ApS including all assets and liabilities of NorthCapital ApS have been taken over by NorthCapital Holding ApS in February 2017. NorthCapital ApS is technically under liquidation and a merger with NorthCapital Holding has been agreed. After completion of such merger NorthCapital Holding will reflect the former balance sheet of NorthCapital ApS and own Investment Assets in excess of EUR 500,000,000 and the Equity will equal an expected EUR 350,000,000.

With reference to the Danish Financial Statements Act, Section 11.1 and in order to present a true and fair view of the company's assets, liabilities, equity and financial position the effect of the merger has been included and reflected in the 2016/17 Financial Statement.

Management's Review

Group Structure

As of the date of presentation of the Financial Statement the Group Structure is as follows:



Accounting Policies

Reporting Class

The Annual Report of NORTHCAPITAL HOLDING APS for 2016/17 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

As the financial year 2016/17 is the Company's first financial year, the Financial Statements with associated notes have been prepared without comparative figures from the previous year.

Reporting currency

The Annual Report is presented in Euro.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Revenue

Other external expenses

Other external expenses comprise expenses regarding sale and administration.

Accounting Policies

Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Completed development projects	5 years	0%
Concessions, patents, licens, trademarks and other similar rights	10 years	0%
Goodwill	5 years	0%
Properties	20-50 years	0%
Plant and machinery	5-10 years	0%
Other fixtures and fittings, tools and equipment	3-10 years	0%
Leasehold improvements	5 years	0%

Land is not amortised.

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance Sheet

Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Accounting Policies

Financial liabilities

Fixed-rate loans such as mortgage loans and loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

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

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2016/17 EUR
Gross profit		-1.210.000
Profit from ordinary operating activities		-1.210.000
Profit from ordinary activities before tax		-1.210.000
Tax expense on ordinary activities	1	0
Profit		-1.210.000
Proposed distribution of results		
Retained earnings		-1.210.000
Distribution of profit		-1.210.000

Balance Sheet as of 30 June

	Note	2017 EUR
Assets		
Other investment assets		500.000.000
Property, plant and equipment		500.000.000
Long-term investments in group enterprises	2, 3	52.000
Long-term investments in associates	3, 4	780.375
Investments		832.375
Fixed assets		500.832.375
Other short-term receivables		6.750
Receivables		6.750
Current assets		6.750
Assets		500.839.125

Balance Sheet as of 30 June

	Note	2017 EUR
Liabilities and equity		
Contributed capital		100.000.000
Share premium		250.000.000
Retained earnings		-1.210.000
Equity	5	<u>348.790.000</u>
Payables to group enterprises		72.375
Other payables		1.210.000
Payables to shareholders and management		150.766.750
Short-term liabilities other than provisions		<u>152.049.125</u>
Liabilities other than provisions within the business		<u>152.049.125</u>
Liabilities and equity		<u>500.839.125</u>
Contingent liabilities	6	
Collaterals and assets pledged as security	7	

Notes

2016/17

1. Tax expense

Incometax	0
Tax on deferred income	0
	<u>0</u>

2. Long-term investments in group enterprises

Addition during the year, incl. improvements	52.000
Cost at the end of the year	<u>52.000</u>

Carrying amount at the end of the year	<u>52.000</u>
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3. Disclosure in long-term investments in group enterprises and associates*Group enterprises*

Name	Registered office	Share held in %
NORTHCAPITAL Trading Partnes ApS	Copenhagen	50,00
NORTHCAPITAL Fine Arts ApS	Copenhagen	100,00
NORTHCAPITAL Finance ApS	Copenhagen	100,00
NORTHCAPITAL Commodities ApS	Copenhagen	100,00
NORTHCAPITAL Fine Arts 1 ApS	Copenhagen	100,00
NORTHCAPITALProjekt Management ApS	Copenhagen	100,00
NORTHCAPITAL GmbH	Copenhagen	100,00
NORTHCAPITAL Partners ApS	Copenhagen	100,00

Associates

Name	Registered office	Share held in %
Main Capital GmbH	Frankfurt, Germany	9,99
NORTHCAPITAL Partners ApS	Copenhagen	33,33
NORTHCAPITAL Trading Partners ApS	Copenhagen	50,00
Hidi Finance ApS	Copenhagen	25,00

4. Long-term investments in associates

Addition during the year, incl. improvements	780.375
Cost at the end of the year	<u>780.375</u>

Carrying amount at the end of the year	<u>780.375</u>
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Notes

2016/17

5. Statement of changes in equity

	<u>Contributed capital</u>	<u>Share Premium</u>	<u>Retained earnings</u>	<u>Total</u>
Equity, beginning balance	0	0	0	0
Addition during the year	-100.000.000	-250.000.000		-350.000.000
Result			1.210.000	1.210.000
	-100.000.000	-250.000.000	1.210.000	-348.790.000

The share capital has remained unchanged since the beginning of the company.

6. Contingent liabilities

The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. The total amount of corporation tax payable is stated in the annual report of NORTHCAPITAL HOLDING APS, which is a management company in relation to joint taxation. The Group's Danish companies are jointly and severally liable for Danish taxes in the form of income tax, royalties and interest tax. Any subsequent corrections to corporation tax and other taxes may result in the company's liability amounting to a larger amount.

No other contingent liabilities exist at the balance sheet date.

7. Collaterals and securities

No securities or mortgages exist at the balance sheet date.