MIDT FACTORING

MIDT FACTORING A/S
Nygade 111
DK-7430 Ikast

ANNUAL REPORT 2016

Presented and adopted at the company's annual general meeting on 1.3.2017.

Chairman

CVR-NR. 83 71 26 19

CONTENTS

COMPANY DETAILS AND GROUP STRUCTURE

The Company	Midt Factoring A/S Nygade 111 7430 Ikast
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VAT no. :	83 71 26 19
Established:	16 March 1978
Registered in:	Ikast-Brande Kommune (municipality)
Financial year:	1 January - 31 December
Board of Directors	Chief Executive Officer Christophe Carles (chairman) General Secretary Teresa Mora Grenier General Secretary Hélène Marie Agnès Baqué Head of International Strategy Francoise Claude Paulette Marcelle Faure Accountant Dorthe Lindved (employee representative) Account Manager Lone Thorsen (employee representative)
Board of Executives	Chief Executive Officer Søren Steen Lund Larsen
Auditor	Deloitte Statsautoriseret Revisionspartnerselskab Papirfabrikken 26 8600 Silkeborg
Parent Company	Natixis Factor (Datterselskab/Subsidary Natixis Bank) 10-12, avenue Winston Churchill 94676 Charenton-le-pont Paris France

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

The board and management have today presented the consolidated and parent annual report of Midt Factoring A/S for the financial year 1 January to 31 December 2016.

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

In our opinion, the consolidated and parent financial statements give a true and fair view of the company's assets, liabilities and financial position as per 31 December 2016. The financial report also reflects a fair view on the activities and financial result of the financial year 1 January to 31 December 2016.

The managements review contains in our opinon a true description of the items and activities covered in the review.

We recommend the annual report for adoption at the Annual General Meeting.

Ikast, 1. March 2017

Board of Executives:

Søren Steen Lund Larsen

Board of Directors:

Christophe Carles Chairman	Hélène Marie Agnès Baqué
Teresa Mora Grenier	Francoise Claude Paulette Marcelle Faure
Lone Thorsen	Dorthe Lindved

Independent *auditor's* report

To the shareholders of Midt Factoring A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Midt Factoring A/S for the financial year 1. January - 31. December 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.December 2016, and of the results of their operations and the consolidated cash flows for the financial year 1. January - 31. December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements and the parent 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

Independent *auditor's* report

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 exits. 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 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.

Silkeborg, 1. March 2017

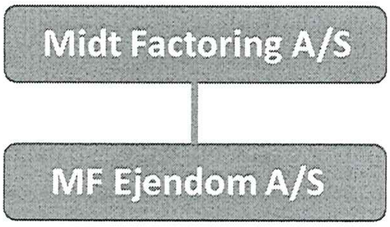
Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Henrik Anders Laursen
State-Authorised
Public Accountant

Heidi Julitta Jensen
State-Authorised
Public Accountant

MANAGEMENT'S REVIEW

GROUP STRUCTURE



KEY FIGURES-consolidated

	2016 DKK '000	2015 DKK '000	2014 DKK '000	2013 DKK '000	2012 DKK '000
Financial income	95.131	95.227	100.847	99.752	111.014
Financial expenses	-3.478	-5.200	-7.055	-7.888	-12.032
Gross profit/loss	**91.653**	**90.027**	**93.792**	**91.864**	**98.982**
Operating Profit/loss	**36.420**	**32.376**	**32.345**	**28.042**	**28.286**
Profit/loss of the year	**28.336**	**24.545**	**24.352**	**20.956**	**20.416**

BALANCE SHEET-consolidated

	2016 DKK '000	2015 DKK '000	2014 DKK '000	2013 DKK '000	2012 DKK '000
Assets	**999.420**	**943.979**	**885.880**	**1.246.349**	**1.174.666**
Investments tangible fixed assets	349	1.512	-	920	290
Equity	103.336	89.888	124.695	155.343	134.387
Equity and liabilities	**999.420**	**943.979**	**885.880**	**1.246.349**	**1.174.666**
Equity ratio (%)	10,3	9,5	14,1	12,5	11,4
Return on equity (%)	29,3	22,9	17,5	14,5	16,4
Index Financial income (2012=100)	85,7	85,8	90,8	89,9	100,0

MANAGEMENT'S REVIEW

Key figures

Key figure	Model of calculation	Key figure states
Equity ratio (%) =	Equity / Balance sheet total	Equity percentage compared to the total balance
Return on equity (%) =	Net profit/loss for the year x 100 / Average equity	The company's rate of return on capital invested in the company by the owners.

The consolidated values include the subsidiary MF Ejendom A/S, which was established in February 2010.

Objective

The objective of the company is administration, financing and discounting of invoices, with and without recourse, as well as financing and trade activity.

The company's main activities

The company develops and delivers services aimed at facilitating trading between companies, both nationally and internationally. The services reduce the administrative, risk-related as well as financial tasks for the client companies.

Uncertainty in recognition and measurement

As part of the application of the company's accounting policies, a number of assessments and estimates has been made on how the future may impact the value of company's assets and liabilities. The estimates are based on appropriate, but unpredictable assumptions, and unexpected events may occur.

The assessment of the need for write-down of loans and receivables is based on objective indications of impairment, on the future ability to repay, and on assessments of the value of collaterals provided. It is management's assessment that all known factors at the year-end date has been taken into account for an assessment of the need for write-down at the end of the year, however, some factors are based on an estimate and any losses ascertained subsequently may differ from the estimate made.

Intangible and tangible fixed assets is assessed to have a future value in use at least equivalent to the booked amounts.

Development in the company's activities

The company's operations during the current financial year, covering the period 1. January – 31. December 2016, are characterized by a very satisfactory result.

During 2016 Midt Factoring A/S has experienced a general growth in the activity of its existing client portefolio. In addition the development of new clients gained through the year has been satisfactory.The growth in activity has been within both client segments (Full Service- and InHouse-factoring), however with a larger growth within InHouse factoring. The development is in line with our conception, that the usage of factoring among Danish companies is gradeually getting closer to the European standard, where the usage of factoring as an active tool of managing the working capital is more widely used.

As stated in previous paragraph Midt Factoring A/S has experienced a general increase in the knowledge about factoring and the benefits associated with our core competence. However this also means that

MANAGEMENT'S REVIEW

competition has been growing during the year, not so much in form of other factoring companies but more from the traditional banking industry. The usage of the floating pledge from the banks has in a number of cases been an obstacle for a solution for new clients, however we do also experience cases, where the bank coorperates in a solution beneficial for all parties involved – and where the benefits of utilizing the liquidity related to the debtors and the professional handling of accounts receivables is regonized.

In the beginning of the year Midt Factoring A/S changed its partner for credit insurance. Substaintial resources in terms of manpower and IT development has been used in order to extract the full potential of the agreement, in addition further development of our primary communitation tool with our clients – MF online has been ongoing/initiated during the year.

As stated above we have in general witnessed a continued positive development among our clients, wherefore the accrued amounts for potential losses as well as the actual losses, remains very low also in 2016

The formal ownership of Midt Factoring A/S was changed within the Natixis Group in the beginning of the year. The shares where sold from Natixis HCP to Natixis Factor. This change is in line with a with the group strategy for factoring, where a more internationalized strategy is pursued. During 2016 Midt Factoring has received support and been integrated in the relevant process of Natixis Factor this integration process will continue during 2017 where relevant.

The consolidated result of the year after tax is DKK 28.336 thousands, which is considered to be very satisfactory. The result is above the expectations indicated in connection with the presentation of the Annual Report 2015. The balance sheet totals DKK 999.420 thousands. The equity is, after payment of a dividend of DKK 14.888 thousands, based on the 31. December 15 accounts, DKK 103.336 thousands.

Significant events and expectations to the future

The company offers primarily three types of products:

- Recourse/non recourse factoring with invoice management
- Recourse/non recourse factoring without invoice management
- Invoice management without financing

The company's level of activity in terms of financial income is expected to increase during 2017. A result before tax at a level of approximately DKK 34,000 thousands is expected.

Events after the balance sheet date

No events have occurred after the balance sheet date that may have a material influence on the assessment of the annual report.

Risks

The company's most significant risks are described below:

Market risk

The company's most significant operating risk is attached to the ability to be strongly positioned in the market for financing and administrative services, and to continue to be able to ensure competitive prices and a high service level.

MANAGEMENT'S REVIEW

Credit risks
The assets comprise primarily short-term accounts with customers.

The company's credit risks concern in all material respects accounts receivable where the credit risk corresponds to the recognized values. Clients, debtors and business partners are credit rated before a business relationship is opened, thus, there is only the credit risk attached to a normal business relationship.

Accounts with clients are hedged by security in debtor portfolios with good spread of risk, of which a large part is covered by credit insurance The accounts with clients are therefore subject to moderate risk, in the opinion of the management.

Foreign exchange and interest risks
It is the company's policy to hedge foreign exchange and interest risks exposed to the company. The value of the company's assets and liabilities is assesed to be sensitive only to a limited extent to changes in the foreign exchange rates and interest rates.

Knowledge resources
The company's business foundation includes financing and management of account receivables as well as related matters. This makes especially high demands on knowledge resources and business processes.

In order to be able to provide these solutions continuously, it is decisive that the company can recruit and retain employees, both with a high educational level and employees with technical experience.

Development activities
The company continues the development of relevant products attached to the businesses' trade, nationally and globally, with special focus on financing, invoice management, risk management and collection procedures. Use of highly developed technology should all the time support the optimisation of resource consumption in the corporations that choose to outsource, in part or in full, the management of their debtor bookkeeping.

Ownership
The company is 100% owned by Natixis Factor, France.

ACCOUNTING POLICIES

The annual report of Midt Factoring A/S for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

The annual report is presented in DKK '000.

According to the Danish Financial Statements Act, Midt Factoring A/S has decided to present an Annual report on consolidated group level and only in English.

The accounting policies applied to these financial statements are consistent with those applied last year, except for the below with addition of the rules of the new Danish Financial Statements Act.

In accordance with the transitional provisions of the Danish Financial Statements Act, the residual value of property, plant and equipment is only revalued prospectively, the first time on 31. December 2016.

The main estimates of management are mentioned in a later paragraph in accounting policies "Estimation uncertainty - management's assessment".

RECOGNITION AND MEASUREMENT

Adjustment of accounts

As the company carries out financial activities an adjustment of the accounts has been made with reference to § 11 of the Danish Financial Statements Act in order to give a true picture of the company's production and activities and accordingly the income statement and balance sheet have been adjusted to this fact.

Recognition and measurement in general

Income is recognized in the income statement as it is earned and this includes the recognition of value adjustment of financial assets and liabilities. Costs, including amortizations and write-downs are also recognized in the income statement.

Assets are recognized in the balance sheet when it appears probable that future economic advantages will accrue to the company and the value of the asset can be measured reliably. Liabilities are recognized in the balance sheet when it appars probable that future economic advantages will flow from the company and the value of the asset can be measured reliably.

On initial recognition, assets and liabilities are measured at cost or amortised cost. Subsequently, assets and liabilities are measured as described under each item below.

Some financial assets and liabilities are measured at amortised cost whereby a constant, effective interest rate is recognized during the term. Amortised cost is calculated as the original cost with the deduction of any repayments and additions/deductions of the accumulated amortization of the difference between cost and nominal amount.

When carrying out recognition and measurement, account is taken of events that occur between the balance sheet date and the date of presenting the annual report and which provide or disprove circumstances that existed on the balance sheet date.

The carrying amount of intangible and tangible fixed assets is reviewed annually in order to determine whether there is an indication of impairment over and above what can be expressed as normal amortization. If this is

ACCOUNTING POLICIES

the case, an impairment test is carried out and, if subsequently necessary, there is a write-down to the lower recoverable value.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise (parent company) and the companies (affiliated companies) which are controlled by the parent company, cf. the group outline, page 6. The parent company is considered to have control when it directly or indirectly holds more than 50% of the voting rights, or when it, in some other way, may or actually does exercise dominant influence. Companies in which the group directly or indirectly holds between 20% and 50% of the voting rights and exercise significant but not dominant influence are considered associates cf. the group outline page 6.

Consolidation principles

The consolidated financial statements are drawn up on the basis of financial statements of the (parent company) and its subsidiary companies. The completion of the consolidated financial statements is done by consolidating items of similar nature. At the consolidation, intra-group income and expenses, intra-group balances and dividends as well as gains and losses on transactions between the consolidated companies are eliminated. The financial statements used for the consolidation are prepared in accordance with the group's accounting policies.

In the consolidated financial accounts, the accounting items of the subsidiary companies are included 100%.

Capital investments in the subsidiary companies are offset against the proportionate part of the net assets of the subsidiary companies at the time of acquisition calculated at fair value.

INCOME STATEMENT

Interest income and expenses

Interest income and expenses arising from interestbearing financial instruments carried at amortised cost are recognized in the income statement using the effective interest method on the basis of the cost of the financial instrument. Interest includes amortization of fees that are an integral part of the effective yield on a financial instrument, including origination fees, and amortization of any other differences between cost and redemption price.

Interest income and expenses include interest on financial instruments carried at fair value.

Revenue recognition of interest on loans with individual write-down for impairment is based on the written down value.

Income from and expenses for services provided over a period of time, for example guarantee commission and fees for invoice administration, are accrued over the period. Transaction fees, for example domestic and foreign transfers, are recognized as income/cost on completion of the transaction.

Staff and external expenses

Salaries, wages and other remuneration which are expected to be paid for work carried out during the year,

ACCOUNTING POLICIES

are recognized as Staff and administrative expenses The expense includes salaries and wages as well as holiday allowances, anniversary bonuses, pensions etc.

Write-down of loans
Includes losses on and write-downs of loans which are not re-insured.

Other income
Other income encompass revenue of secondary nature compared to the companys main activity. Example could be gains realized through sales of fixed assets etc.

Tax
Calculated current and deferred tax on the profit for the year and subsequent adjustments of tax charges for previous years are recognized in the income statement. Income tax for the year is recognized in the income statement on the basis of the tax laws applying in Denmark.

Tax attributable to equity transactions is recognized directly in equity.

Midt Factoring A/S is taxed jointly with the subsidiary of Midt Factoring A/S, MF Ejendom A/S.

BALANCE SHEET

Intangible fixed assets
Intangible fixed assets include ongoing and completed development projects with related intangible 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.

Development costs include costs that can directly be ascribed to the development activities.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortization period is usually 5 years.

Intangible fixed assets are written down to the recoverable amount if this is lower than the carrying amount.

Gains and losses on the realization of intangible fixed assets are determined as the difference between the sales price less realization costs and the carrying amount at the date of realization. Gains or losses are recognized in the income statement as adjustment to amortizations and write-downs or as other operating income or other operating costs, respectively, to the extent that the sales price exceeds the orginal cost price.

Other tangible fixed assets
Operating equipment and leasehold improvements are measured at cost with the deduction of accumulated amortizations and write-downs.

ACCOUNTING POLICIES

Cost includes the acquisition cost and costs directly connected with the acquisition up to the date on which the asset is ready to be used. Cost also includes estimated costs for demolishing and disposing of the asset and re-establishment to the extent that these costs are recognized as an obligation.

The cost of an asset is divided into separate components that are amortised individually if their useful life differs.

Subsequent costs of replacing components are recognized as tangible fixed assets when it appears probable that they will lead to future economic advantages. The carrying amount of the replaced components is recognized in the income statement. All other costs for repairs and maintenance are recognized in the income statement as they are paid.

The basis of amortization is cost with the deduction of the expected residual value after the end of the asset's useful life. Residual value is re-evaluated annually.

Straight-line amortization is carried out on the basis of the following evaluation of the asset's expected useful life and subsequent residual value:

	Useful life	**Residual value**
Operating equipment	*3-5 years*	*0 % of cost*
Leasehold improvements	*3-5 years*	*0 % of cost*
Buildings	*20 years*	*65 % of cost*

Estimated useful lives and residual values are reassessed annually.

Profits or losses on sales of tangible fixed assets are calculated as the difference between the net proceeds when sold and the carrying amount on the date of the sale. Profits or losses are recognized in the income statement under other operating income and other operating expenses.

Equity investments and securities
Bonds, shares and other equity investments are measured at fair value.

Fair value is established in accordance with the following order of priorities:

- Market-based sales value if a well-functioning market can be found
- Approximate sales value calculated as the relevant capital in use relevant to the security if a relevant capital in use can be calculated with the help of generally recognized valuation models and techniques
- Cost

The above means
- that listed shares and bonds are measured at market price,
- that unlisted shares and equity investments are measured at approximate sales value or cost

ACCOUNTING POLICIES

Equity investments in subsidiaries

Equity investments in subsidaries are reconized and measured using the equity method, implying that the capital share measured at the pro-rata share of the subsidiarys booked value, plus or minus amortized respectively positive or negative goodwill and adding/substracting any unrealized gains/losses from inter-comany transactions.

In the profit and loss statement, the pro rata share of the subidiarys net result after elimination of any un-realized intercompany profits or losses is included, plus or minus the amortization of goodwill.

The value of investments in subsidiaries is transferred to reserves using the equity method included in equity

Investments in subsidiary is written down to recoverable amount if this is lower than carrying value.

Loans and trade receivable
Loans and accounts receivable include invoice discounting.

Loans are measured at fair value at first recognition with addition of transaction costs and with deduction of fees received etc. which usually corresponds to nominal value. The amortization addition/deduction is recognized in the income statement in accordance with the effective interest method.

All loans are individually tested continuously for the need for write-down on the basis of fixed objective indicators of impairment.

If unutilized granted credits are assessed to present a credit risk, they will be included in the above test for need for write-down. Write-down of unutilized granted credits are recognized as provision for liabilities.

Write-down and carry-back of the year of previously made write-down are recognized in the income statement.

Prepayments and accrued income
Prepayments recognized under assets include expenses paid regarding the following accounting year. Prepayments are measured at cost price.

Financial liabilities
Financial debts are recognized by debt assumption at the received proceeds, the principal amount with the deduction of transation costs paid. During subsequent periods, financial liabilities are recognized at amortised cost corresponding to the capitalized value with the use of the effective interest method. Loan costs are therefore recognized in the income statement over the term of the loan.

Payments received under prepayments are recognized under liabilities, which is income regarding the subsequent years.

Provisions
Provisions include expected expenses for deferred tax.

Provisions are recognized when it appears probable on the balance sheet date that the liability will mean

ACCOUNTING POLICIES

drawing on the company's economic resources and that the amount on the liability can be calculated reliably.

Deferred tax
Deferred tax is calculated in accordance with the balance sheet liability method on all temporary differences between the carrying amount and the tax base value of assets and liabilities. Deferred tax is recognized in the balance sheet under Deferred tax assets and Deferred tax liabilities on the basis of the current tax rates.

However, deferred tax of temporary differences concerning non-tax deductible goodwill and other items, where temporary differences have occurred at the date of acquisition without having effect on the earnings or taxable income is not recognized. For those cases in which tax value declaration is applicable according to specific taxation rulings, the deferred tax is computed based on planned management application of the asset or, where applicable, liquidation of liabilities.

Tax assets relating to unutilized losses and tax deduction are contained in deferred tax only, if it is likely that such losses and tax deduction can be utilized.

Deferred tax is measured on the basis of the tax rules and the tax rates that will be applicable under the legislation on the balance sheet date when the deferred tax is expected to be paid as current tax. Changes in deferred tax as a consequence of adjusted tax rates are recognized in the income statement.

Dividends
Dividends are recognized as a liability in the accounts on the date when the general meeting has adopted this and the company has thereby taken on an obligation. The executive board's proposal for a dividend for the current accounting year is therefore part of equity and information on this is provided in the note on equity.

Translating foreign currency
Receivables, debt and other monetary items in foreign currency that have not been settled on the balance sheet date, are translated at the exchange rate current on the balance sheet date.The difference between the exchange rate on the balance sheet date and the exchange rate on the date of the origin of the receivable or the debt are recognized in the income statement.

Derivative financial instruments
Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values from derivative financial instruments are recognized in other receivables, other debt respectively.

Changes in the fair value of derivative financial instruments classified as hedging instruments and meeting the criteria for hedging the fair value of a recognized asset or liability are recognized in the income statement together with changes in the value of the hedged asset or liability.

For derivative financial instruments which do not meet the criteria for treatment as hedging instruments, changes in fair value is recognized in the income statement as they arise.

Estimation uncertainty - management's assessment
As part of the company's application of the accounting policies it has been assessed and estimated how the future may influence the value of the company's assets and liabilities.

The estimation is based on appropriate, however unpredictable assumptions, and unexpected events may

ACCOUNTING POLICIES

occur. The special risks are mentioned in Management's Review.

Tangible assets are likewise assessed to have a replacement cost exceeding the carrying amount.

Cash flow statement

The cash flow statement shows the company's cash flow for the year distributed between operating activities, investment activities, and financing activities for the year, the change in liquidity for the year, and liquid assets at the beginning and end of the year.

No separate cash flow statement has been prepared for the parent company, as this is included in the group cash flow statement.

The cash flow from operating activities is calculated as the profit or loss for the year adjusted for non-cash operating items, changes in working capital, and corporation tax. Paid tax is presented as a separate item under operating activities.

The cash flow from investment activities includes payments in connection with buying and selling fixed assets and cash flow in connection with buying and selling companies and activities.The cash flow from financing activity includes changes in the amount or composition of share capital and the costs connected with this, raising loans and repayments on loans that are not included in working capital, the payment of dividends, and buying and selling own shares.

Cash at bank and cash equivalents include cash balance and receivables from credit institutes.

Off-setting

Outstanding amounts and debts are offfset when the company has a legal right to offset the recognized amounts and at the same time intends to settle net or realize the asset and at the same time meet the obligation.

Income statement for Midt Factoring A/S

Parent 2016	Parent 2015		Note	Group/consolidated 2016	Group/consolidated 2015
DKK '000	DKK '000			DKK '000	DKK '000
95.272	95.383	Financial income	1	95.131	95.227
-3.353	-5.051	Financial expenses	2	-3.478	-5.200
91.919	**90.332**	**Gross profit/loss**		**91.653**	**90.027**
-24.054	-28.245	Other external expenses		-22.356	-26.668
-32.491	-32.573	Staff costs	3	-32.590	-32.672
-758	-571	Amortisation, depreciation and impairment losses		-1.010	-823
723	2.513	Write-down of current assets other than current financial assets		723	2.513
-	-	Other operating income		-	-
35.338	**31.454**	**Operating profit/loss**		**36.420**	**32.376**
789	632	Income from investments in group enterprises		-	-
36.126	**32.087**	**Profit/loss from ordinary activities before tax**		**36.420**	**32.376**
-7.791	-7.542	Tax on profit/loss for the year	4	-8.084	-7.831
28.336	**24.545**	**Profit/loss for the year**	5	**28.336**	**24.545**

Balance sheet at 31.12.2016

ASSETS

Parent 2016 DKK '000	Parent 2015 DKK '000		Note	Group/consolidated 2016 DKK '000	Group/consolidated 2015 DKK '000
0	62	Acquired intangible assets		0	62
0	**62**	**Intangible assets**	6	**0**	**62**
-	-	Property		20.418	20.670
1.408	1.724	Other fixtures and fittings, tools and equipment		1.408	1.724
21	53	Leasehold improvements		21	53
1.430	**1.777**	**Property, plant and equipment**	7	**21.848**	**22.447**
1.600	812	Investments in group enterprises		-	-
13.750	14.000	Receivables from group enterprises		-	-
144	140	Other investments		144	140
15.494	**14.952**	**Financial assets**	8	**144**	**140**
16.924	**16.790**	**Fixed assets**		**21.992**	**22.648**
885.033	811.310	Trade receivables	9	885.033	811.310
228	242	Deferred tax	10	228	242
102	158	Other receivables		102	158
198	977	Income tax receivable		-	688
746	839	Prepayments	11	746	839
886.307	**813.527**	**Receivables**		**886.109**	**813.238**
91.098	**108.079**	**Cash**		**91.319**	**108.092**
977.405	**921.606**	**Current assets**		**977.427**	**921.330**
994.329	**938.396**	**Assets**		**999.420**	**943.979**

Balance sheet at 31.12.2016

EQUITY AND LIABILITIES

Parent 2016 DKK '000	Parent 2015 DKK '000		Note	Group/consolidated 2016 DKK '000	Group/consolidated 2015 DKK '000
40.000	40.000	Share capital	12	40.000	40.000
1.100	312	Reserve for net revaluation according to the equity method		-	-
62.236	34.688	Retained earnings		64.125	35.000
-	14.888	Dividend payable		-	14.888
103.336	**89.888**	**Equity**		**103.336**	**89.888**
-	-	Mortgage debt		4.377	4.973
-	-	**Long term liabilities**	13	**4.377**	**4.973**
-	-	Short term part of Mortgage debt		596	590
23.123	7.707	Bank debt		23.123	7.707
838.335	807.692	Debt to group enterprises		838.335	807.692
-	-	Income taxes payable		95	-
28.485	31.994	Other payables		28.508	32.014
1.049	1.115	Deferred income	14	1.049	1.115
890.993	**848.508**	**Short term liabilities**		**891.707**	**849.118**
890.993	**848.508**	**Liabilities**		**896.084**	**854.091**
994.329	**938.396**	**Equity and liabilities**		**999.420**	**943.979**

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Cash flow statement for 2016

	Group/consolidated	
	2016	**2015**
	DKK '000	DKK '000
Operating profit / loss	**36.420**	**32.376**
Amortisation and depreciations	1.011	823
Other accrued obligations	-	-
Changes in working capital	-46.795	94.230
Paid taxes	-6.998	-11.668
Cash flow from operating activities	**-16.362**	**115.761**
Purchase of tangible and intangible fixed assets	-349	-1.512
Sale of tangible assests	-	47
Paid mortgage debt	-590	-437
Cash flow from investment acitivities	**-939**	**-1.902**
Paid dividend	-14.888	-59.352
Cash flow from financing activties	**-14.888**	**-59.352**
Change in cash and cash equivalents	**-32.189**	**54.507**
Cash at bank and cash equivalents, beginning of year	100.385	45.878
Cash at bank and cash equivalents, end of year	**68.196**	**100.385**

Statement of changes in equity for Midt Factoring A/S

GROUP	Share capital DKK '000	Retained earnings DKK '000	Reserve for net re-valuation according to the equity method DKK '000	Dividend DKK '000	Total DKK '000
Equity beginning of year	40.000	35.000		14.888	89.888
Dividend paid		-		-14.888	-14.888
Profit/loss for the year		28.336		-	28.336
Equity end of year	40.000	63.336		-	103.336

PARENT	Share capital DKK '000	Retained earnings DKK '000	Reserve for net re-valuation according to the equity method DKK '000	Dividend DKK '000	Total DKK '000
Equity beginning of year	40.000	34.688	312	14.888	89.888
Dividend paid		-		-14.888	-14.888
Profit/loss for the year		27.548	788	-	28.336
Equity end of year	40.000	62.236	1.100	-	103.336

NOTES

2016 DKK '000	2015 DKK '000		Group/consolidated 2016 DKK '000	Group/consolidated 2015 DKK '000
		Note 1 – Financial income		
952	28	Credit institutions	952	28
39.547	38.397	Loans and other receivables	39.407	38.241
49.315	49.922	Fees and commission income	49.315	49.922
4	-	Dividend on shares	4	-
5.453	7.035	Value adjustment - currency	5.453	7.035
95.272	**95.383**	**Total Financial income**	**95.131**	**95.227**
		Note 2 – Financial expenses		
-2.853	-4.434	Additional interest group enterprises	-2.853	-4.434
-415	-444	Credit institutions	-539	-593
-	-91	Dividend on shares/write-downs	-	-91
-86	-82	Fees and commission expenses paid	-86	-82
-3.353	**-5.051**	**Total Financial expenses**	**-3.478**	**-5.200**
		Note 3 – Staff cost		
-28.726	-28.736	Wages and salaries	-28.825	-28.835
-3.032	-3.075	Pension cost	-3.032	-3.075
-734	-762	Other social security costs	-734	-762
-32.491	**-32.573**	**Total Staff costs**	**-32.590**	**-32.672**

Average number of full-time employees in 2016 was 63, a decrease by 4 compared to 2015

Salary costs for the management is included within total staff costs. No payments have been made to the board. Information about salaries paid to the management is referring to "Årsregnskabslovens" §98b sec. 3 not supplied.

2016 DKK '000	2015 DKK '000		Group/consolidated 2016 DKK '000	Group/consolidated 2015 DKK '000
		Note 4 – Tax on profit/loss for the year		
-7.777	-7.222	Current tax	-8.070	-7.511
1	-162	Change in deferred tax	1	-162
-	-141	Adjustment relating to previous years	-	-141
-15	-17	Effect of changed tax rates	-15	-17
-7.791	**-7.542**	**Total Tax**	**-8.084**	**-7.831**
		Note 5 - Proposed distribution of profit/loss		
-	14.888	Ordinary dividend for the financial year	-	14.888
788	312	Transfer to Reserve for net revaluation according to the equity method	-	-
-14.888	35.000	Dividend paid during the year	-14.888	35.000
42.436	-25.655	Retained earnings	43.224	-25.343
28.336	**24.545**	**Total**	**28.336**	**24.545**

NOTES

Note 6 - Intangible assets GROUP

Intangible assets (DKK '000)	**Software / EDP programmes**
Cost beginning of year	10.666
Additions	-
Disposals	-
Cost end of year	**10.666**
Amortisation and impairment losses beginning of year	10.604
Amortisation for the year	62
Reversal regarding disposals	-
Amortisation and impairment losses end of year	**10.666**
Carrying amount end of year	**0**

Note 6 - Intangible assets PARENT

Intangible assets (DKK '000)	**Software / EDP programmes**
Cost beginning of year	10.666
Reclassification	
Additions	-
Disposals	-
Cost end of year	**10.666**
Amortisation and impairment losses beginning of year	10.604
Amortisation for the year	62
Reversal regarding disposals	-
Amortisation and impairment losses end of year	**10.666**
Carrying amount end of year	**0**

NOTES

Note 7 – Property, plant and equipment GROUP

Property, plant and equipment (DKK '000)	**Property**	**Operating equipment**	**Leasehold Improvements**
Cost beginning of year	25.151	13.445	1.593
Tranfers			
Additions		349	-
Disposals		-122	-
Cost end of year	**25.151**	**13.671**	**1.593**
Amortisation and impairment losses beginning of year	4.481	11.721	1.540
Tranfers			
Amortisation for the year	252	664	32
Reversal regarding disposals		-122	
Amortisation and impairment losses end of year	**4.733**	**12.263**	**1.572**
Carrying amount end of year	**20.418**	**1.408**	**21**

Note 7 – Property, plant and equipment PARENT

Property, plant and equipment (DKK '000)	**Property**	**Operating equipment**	**Leasehold Improvements**
Cost beginning of year		13.445	1.593
Additions		349	-
Disposals		-122	-
Cost end of year	**-**	**13.671**	**1.593**
Amortisation and impairment losses beginning of year		11.721	1.540
Amortisation for the year		664	32
Reversal regarding disposals		-122	
Amortisation and impairment losses end of year	**-**	**12.263**	**1.572**
Carrying amount end of year	**-**	**1.408**	**21**

NOTES

Note 8 – Financial assets investments GROUP

Financial assets investments (DKK '000)	**Other investments**
Cost beginning of year	300
Additions	-
Disposals	-
Cost end of year	**300**
Revaluation beginning of year	-160
Share of profit/loss for the year	4
Other adjustments	-
Revaluations end of year	**-156**
Carrying amount end of year	**144**

Note 8 – Financial assets investments PARENT

Financial assets investments (DKK '000)	**Subsidary**	**Subordinated loan - subsidary**	**Other investments**
Cost beginning of year	500	14.000	300
Additions	-	-	-
Disposals	-	-250	-
Cost end of year	**500**	**13.750**	**300**
Revaluation beginning of year	312	0	-160
Share of profit/loss for the year	788	0	4
Other adjustments			
Revaluations end of year	**1.100**	**-**	**-156**
Carrying amount end of year	**1.600**	**13.750**	**144**

Investments in group enterprises comprise:
MF Ejendom A/S is 100% owned by Midt Factoring A/S, Ikast-Brande kommune

Note 9 - Currency exposure

The company utilizes standard forward contracts in order to secures its position against fluctuations in the different foreign currencies.

	Receive-ables	Payables	Hedging/ FX contracts	Net position 2016
	DKK '000	DKK '000	DKK '000	DKK '000
EUR (duration 0-3 months)	405.621	-300.320	-105.048	-1.904
GBP (duration 0-3 months)	27.105	-18.643	-8.466	181
NOK (duration 0-3 months)	54.423	-37.589	-16.822	23
SEK (duration 0-3 months)	56.386	-38.594	-17.776	-46
USD (duration 0-3 months)	40.234	-26.258	-13.965	248
Other (duration 0-3 months)	9.225	-63	-7.371	2.265
Total	**592.994**	**-421.467**	**-169.448**	**767**

As of 31. December 16 the unrealized fair value adjustment of the Hedging transactions amounts to 547 k DKK.
In the Profit and Loss statement the amount is included in Value adjustments and in the balance sheet it is included in the Trade receiveables.

Note 10 - Deferred tax

GROUP	DKK '000
Deferred tax beginning of year	242
Included in the Income statement	-14
Included directly in Equity	-
Equity end of year	228

Note 11 - Prepayments

Prepayments includes periodic adjustments made for various cost types eg.
insurance costs, licences (software), leasing.

Note 12 - Share capital

	2016	2015	2014
	DKK '000	DKK '000	DKK '000
4.000 share of nominal value DKK 10	40.000	40.000	40.000
Total Share capital	**40.000**	**40.000**	**40.000**

The physical shares have been cancelled and replaced by 4.000 shares, each with a nominal value of 10 DKK according to a decision taken on an extraordinary General Meeting held 19. May 2014. Articles of association and and register of shareholders has been updated.
The companys sharecapital has remained unchanged for the last 5 years.

Note 13 - Long term debt

	Payable:			DKK '000
Group	Within 12 months 2016	Within12 months 2015	After 12 months 2016	After more than 5 years
Total mortgage debt	**596**	**590**	**4.377**	**1.920**

Note 14 - Deferred income

Deferred income includes periodic adjustments made for factoring commision income, invoiced but not yet earned.

Note 15
Contingencies etc.
Contingent assets and contingent liabilities

The group/parent has entered into a leasing contract for print-/copy-equpment. The obligation has a total value of approxemately 0,4 mill. DKK.(0,8 mill. DKK)

The group/parent has entered into a operational leasing of company cars. The obligation has a total value of approxemately 0,6 mill. DKK. (0,8 mill. DKK)

The group/parent has, against security from its customers, entered into normal letter of credit and guarantee liabilities of a total of 8,2 mill. DKK. (6,5 mill. DKK)

The parent company has entered into a lease contract for lease of the premises in Ikast. The lease contracts are not terminable by lessee and lessor until 31 December 2018.
The obligations has a total value of approxemately 3,6 mill. DKK (2015: 1,9 mill. DKK)

The company is the adminstrative unit for the Danish co-taxation. The company is therefore held liable under Corporation Tax act (Selskabsskatteloven) for the jointly taxed revenue.

Note 16
Charges and securities
Group debt to mortgage institute of 5,0 mill. DKK is secured through a mortgage in the building which has a booked value of 20.418 k DKK.

Note 17
Related parties and ownership
The related parties of Midt Factoring A/S include the following:

Controlling interest
The company is 100% owned by Natixis HCP, Subsidary of Natixis Bank Paris.

Note 18
Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Natixis Factor
10-12, avenue Winston Churchill
94676 Charenton-le-pont, Paris, France

Note 19
Consolidation

Midt Factoring A/S and subsidary are included in the consolidated financial statement of Natixis Factor no. RCS Paris 379 160 070