

Polaris Management A/S

Registration no. 28 50 17 65

FT no. 23009

Annual report 2015

Approved at the Company's annual general meeting on

Chairman:

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Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditors' report	3
Management's review	4
Company details	4
Operating review	5
Financial statements for the period 1 January – 31 December	8
Income statement and statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	11
Notes to the financial statements	12
Ratios and key figures	20
Other management assignments of the Board of Directors and Executive Board	21
Board of Directors	21
Executive Board	22

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Polaris Management A/S for the financial year 1 January – 31 December 2015.

The annual report has been prepared in accordance with the Danish Alternative Investment Fund Managers, etc., Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January – 31 December 2015.

Further, in our opinion, the Management's review includes a fair review of the developments in the Company's activities and financial matters and describes the most significant risks and uncertainty factors that may affect the Company.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 27 January 2016
Executive Board:

Jan Johan Kühl

Board of Directors:

Erik G. Hansen
Chairman

Bertil Villard

Jorgen A. Engell

Independent auditors' report

To the shareholder of Polaris Management A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Polaris Management A/S for the financial year 1 January – 31 December 2015. The financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Alternative Investment Fund Managers, etc., Act.

Management's responsibility 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 Alternative Investment Fund Managers, etc., Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements 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 Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Alternative Investment Fund Managers, etc., Act.

Statement on the Management's review

Pursuant to the Danish Alternative Investment Fund Managers, etc., Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 27 January 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
State Authorised
Public Accountant

Jens Thordahl Nøhr
State Authorised
Public Accountant

Management's review

Company details

Name	Polaris Management A/S
Address, zip code, city	Malmøgade 3 DK-2100 Copenhagen Ø
Registration no.	28 50 17 65
FT no.	23009
Established	8 February 2005
Registered office	Copenhagen
Financial year	1 January – 31 December
Website	www.polarisequity.dk
E-mail	polaris@polarisequity.dk
Telephone	+45 35 26 35 74
Executive Board	Jan Johan Kühl
Board of Directors	Erik G. Hansen, Chairman Bertil Villard Jorgen A. Engell
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuhs Vej 4 P.O. Box 250 2000 Frederiksberg Denmark

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Management's review

Operating review

Principal activities of the Company

Polaris Management A/S is fund manager (advisor and administration company) for Polaris Private Equity and is licensed by The Danish Financial Supervisory Authority to operate as fund manager in accordance with the Danish Alternative Investment Fund Managers, etc., Act.

Furthermore, Polaris Management A/S is the parent company of Polaris Invest II ApS, which is one of the general partners of Polaris Private Equity II K/S.

Polaris Private Equity I was established in 1998 with a total capital commitment of DKK 1.1 billion (subsequently increased to a total of DKK 1.6 billion) and was fully realised with the last exit in 2008.

Funds managed include:

- ▶ Polaris Private Equity II, established 2006, capital commitment DKK 2.0 billion, realisation period
- ▶ Polaris Private Equity III*, established 2009, capital commitment DKK 2.7 billion, transitioned into its realisation period at the end of 2014
- ▶ Polaris Private Equity IV*, latest closing 2015 reaching a capital commitment of DKK 3.1 billion, investment period started during 2015.

** Funds subject to the Danish Alternative Investment Fund Managers, etc., Act.*

Polaris Private Equity invests in well-established companies with a strong market position and sound earnings. Usually, the companies are based in the Nordic countries, primarily Denmark and Sweden, and have a potential for profitable growth. Through capital and active ownership, Polaris contributes to this profitable growth. Polaris aims to achieve controlling shareholdings, alone or together with other investors, including the Management and Board of the company and the company's former owners.

The investors of Polaris Private Equity include a number of Danish and international investors.

Further information about Polaris is available at our website, www.polarisequity.dk.

Performance in the financial year

In 2015, Polaris Management A/S has as fund manager for Polaris Private Equity participated in the successful execution of both divestments and new investments and contributed further to the continued development of the portfolio companies in Polaris Private Equity II, III and IV.

During 2015, Polaris Management A/S has successfully been able to raise additional capital commitments for Polaris Private Equity IV, reaching a capital commitment of approximately DKK 3.1 billion from both Danish and international investors at the end of 2015.

Development in financial matters

In 2015, Polaris Management A/S realised a profit of DKK 32,054 thousand (2014: profit of DKK 3,030 thousand), which is in line with Management's expectations.

At 31 December 2015, the equity amounted to DKK 50,740 thousand (31 December 2014: DKK 38,686 thousand) of total assets of DKK 75,986 thousand (31 December 2014: DKK 65,815 thousand), and the Company's equity ratio was 67% (2014: 59%). Proposed dividend for the year amounts to DKK 30,000 thousand (2014: DKK 20,000 thousand).

Outlook

The Company expects to realise an operating result for 2016 somewhat lower than in 2015 due to reduced management fee income from investment funds being realised.

Management's review

Operating review (continued)

Particular risks

Polaris Management A/S' management fee income from investment funds under management is calculated as a percentage of committed capital in the individual investment funds during the investment period and as a percentage of unrealised investments and any retained capital commitments during the realisation period. The income of the Company is accordingly dependent on the number, size and classification of investment funds under management as well as the Company's ability to attract investors to raise new investment funds from time to time as the current investment funds are being invested and realised.

Following the latest closing of Polaris Private Equity IV, it is Management's assessment that the income of the Company has been secured for the coming years.

Financial risks, etc., are further described in note 13 to the financial statements.

Management discusses and monitors the financial position of the Company and relevant risks as a whole on an ongoing basis, latest at the Board of Directors' meeting held on 16 December 2015.

Management remuneration

Polaris Management A/S' remuneration policy aims at attracting, retaining, developing and rewarding employees who contribute to the profitable growth of the Company. The policy ensures that remuneration is credible, effective and fair, that the ratio of fixed and variable pay is adequate, proportional and balanced and that the overall remuneration is aligned with sound and efficient risk management principles and does not encourage excessive risk-taking.

Remuneration of Management during 2015 as well as details on the remuneration policy are disclosed in note 3 to the financial statements.

Gender equality policy

In order to increase the share of the underrepresented gender at all levels of management, Polaris Private Equity has set out a general gender equality policy for the portfolio companies.

The goal of this equality policy is to increase the share of the underrepresented gender in management positions in portfolio companies owned by Polaris Private Equity. In general for the portfolio companies, women are the underrepresented gender. The equality policy aims to ensure targeted efforts to develop and recruit more female leaders for positions on the board of directors of the portfolio companies. The policy comprises executive board members, team managers and department managers. The policy aims to strengthen the supply chain of potential female board members by promoting equality of opportunity between men and women in order to focus on and improve their qualifications and managerial experience.

Polaris has signed the recommendations of the Danish Ministry of Gender Equality for more women on corporate boards ("Operation Kædereaktion"), which means that the signatories are committed to work actively to increase the share of female leaders and female candidates for board positions.

Management's review

Operating review (continued)

Intellectual capital

Polaris Management A/S employed 23 people at 31 December 2015 (2014: 22 people).

The Company is dependent on its ability to continually attract and retain key investment professionals to service investment funds under management and to comply with existing agreements as well as to attract investors to raise new investment funds from time to time.

As described above, it is the Company's policy to maintain a competitive remuneration policy, and to develop and reward the employees who contribute to the profitable growth of Polaris Management A/S, while maintaining and promoting sound and effective risk management and avoid excessive risk-taking.

Events after the balance sheet date

No events have occurred after the balance sheet date that may materially affect the assessment of the annual report.

Other management assignments of the Board of Directors and Executive Board

Other management assignments of the Board of Directors and Executive Board are listed in the back of this document, pages 21-22.

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Financial statements for the period 1 January – 31 December

Income statement and statement of comprehensive income

Income statement

Note	DKK'000	2015	2014
2	Fee and commission income	95,713	53,618
4	Other external administrative expenses	-13,761	-13,847
3	Staff costs	-41,431	-36,050
	Total staff costs and administrative expenses	-55,192	-49,897
	Depreciation of property, plant and equipment and amortisation of intangible assets	-98	-100
	Profit before financial items	40,423	3,621
	Share of profit in subsidiaries net of tax	96	95
5	Financial income	1,391	422
6	Financial expenses	-248	-132
	Profit before tax	41,662	4,006
7	Tax on profit for the year	-9,608	-976
	Profit for the year	<u>32,054</u>	<u>3,030</u>
	Proposed profit appropriation		
	Proposed dividends	30,000	20,000
	Reserve for net revaluation according to the equity method	85	95
	Retained earnings	1,969	-17,065
		<u>32,054</u>	<u>3,030</u>

Statement of comprehensive income

Profit for the year	32,054	3,030
Other comprehensive income	0	0
Total comprehensive income for the year	<u>32,054</u>	<u>3,030</u>

Financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	31/12 2015	31/12 2014
	ASSETS		
8	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	201	110
		<u>201</u>	<u>110</u>
	Receivables		
10	Receivables from investment funds under management and related entities	7,934	19,246
	Current tax receivable	0	939
	Deferred tax asset	278	324
	Other receivables	720	535
	Deposits	642	629
	Prepayments	3,068	2,827
		<u>12,642</u>	<u>24,500</u>
9	Investments		
	Equity investments in subsidiaries	996	947
		<u>996</u>	<u>947</u>
11	Cash at hand and in bank	<u>62,147</u>	<u>40,258</u>
	TOTAL ASSETS	<u><u>75,986</u></u>	<u><u>65,815</u></u>

Financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	31/12 2015	31/12 2014
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	500	500
	Net revaluation reserve according to the equity method	871	786
	Retained earnings	19,369	17,400
	Proposed dividends	30,000	20,000
	Total equity	50,740	38,686
	Liabilities		
	Current liabilities		
	Current tax liabilities (joint taxation contribution payable)	114	0
12	Other payables	25,132	27,129
	Total liabilities	25,246	27,129
	TOTAL EQUITY AND LIABILITIES	75,986	65,815

- 1 Accounting policies
- 13 Financial risks
- 14 Contingencies, etc.
- 15 Related parties
- 16 Financial highlights (5-year overview)

Financial statements for the period 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Proposed dividends	Total
Equity 1 January 2014	500	691	34,465	0	35,656
Transferred, cf. profit appropriation	0	95	-17,065	20,000	3,030
Other comprehensive income	0	0	0	0	0
Equity 1 January 2015	500	786	17,400	20,000	38,686
Dividends paid during the year	0	0	0	-20,000	-20,000
Transferred, cf. profit appropriation	0	85	1,969	30,000	32,054
Other comprehensive income	0	0	0	0	0
Equity 31 December 2015	500	871	19,369	30,000	50,740

The share capital consists of shares of DKK 1 each or multiples hereof.

The share capital has not been changed during the last 5 years.

DKK'000	2015	2014
Capital base		
Reported equity	50,740	38,686
Deferred tax asset	-278	-324
Proposed dividends	-30,000	-20,000
	20,462	18,362

Financial statements for the period 1 January – 31 December**Notes to the financial statements****1 Accounting policies**

The annual report of Polaris Management A/S for 2015 has been prepared in accordance with the Danish Alternative Investment Fund Managers, etc., Act, the Executive Order (No. 239 07/03/2014) on General Requirements for Annual Reports and Auditing of Alternative Investment Fund Managers as well as the Executive Order (No. 281 26/03/2014) on Financial Reporting by Credit Institutions and Investment Companies, etc.

The accounting policies applied in the preparation of the annual report are consistent with those of last year.

Consolidated financial statements

Pursuant to section 137(1) of the Executive Order (No. 281 26/03/2014) on Financial Reporting by Credit Institutions and Investment Companies, etc., consolidated financial statements have not been prepared. The parent company, PM II Holding ApS, Malmøgade 3, 2100 København Ø (registrationno. 28 48 15 35), prepares consolidated financial statements in which Polaris Management A/S and its subsidiaries are included.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

Income statement**Fee and commission income**

Fee and commission income received includes management fee income, which is accrued over the earnings period and fees for advisory and transaction services, etc., provided. Prepaid management fee is recognised as deferred income.

Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised exchange gains and losses on payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

The Company is jointly taxed with the parent company, PM II Holding ApS, and other Danish group companies. Tax for the year comprises current tax for the year (joint taxation contributions) and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement.

Surcharges, premiums and refunds in relation to the tax payment are included in financial income and expenses.

Financial statements for the period 1 January – 31 December**Notes to the financial statements****1 Accounting policies (continued)****Balance sheet****Property, plant and equipment**

Fixtures and fittings, other plant and equipment as well as leasehold improvements are measured at cost less accumulated depreciation.

The basis of depreciation is cost less any estimated residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	5 years, however, the life may not exceed the term of the lease

Write-down of property, plant and equipment is made to the recoverable amount if this is lower than the carrying amount.

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as part of depreciation.

Receivables

Receivables are measured at nominal value less write-down for bad debt losses. Deposits are recognised at the nominal value of the amount deposited.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity investments in subsidiaries

Investments in subsidiaries are measured using the equity method at the proportionate share of the subsidiaries' net asset values calculated in accordance with the Company's accounting policies.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Polaris Management A/S are not included in the reserve for net revaluation.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Payable and receivable joint taxation contributions are recognised in the balance sheet under balances with group companies.

Deferred tax is recognised using the current tax rate on all temporary differences between the carrying amount and the tax value of assets and liabilities. Deferred tax assets are recognised if they can in all probability be utilised.

DKK'000	2015	2014
2 Fee and commission income		
Fee and commission income received (management fee) by investment funds under management:		
Polaris Private Equity II K/S	12,675	13,282
Polaris Private Equity III K/S	28,582	40,336
Polaris Private Equity IV K/S	54,456	0
	<u>95,713</u>	<u>53,618</u>
3 Staff costs		
Wages and salaries	32,914	28,707
Pensions	3,100	2,937
Other social security costs	164	131
Other staff costs	5,253	4,275
	<u>41,431</u>	<u>36,050</u>
Average number of full-time employees	<u>21</u>	<u>20</u>
Hereof:		
Female employees	4	5
Male employees	17	15
In 2015, Freddy Frandsen and Carsten Lønfeldt resigned from the Board of Directors and were replaced by Bertil Villard. As in previous years, the Board of Directors solely consists of male members.		
Management remuneration included in staff costs, total	<u>6,822</u>	<u>6,659</u>
<i>Executive Board (Jan Johan Kühl):</i>		
Fixed pay		
(including pensions of DKK 499 thousand (2014: DKK 492 thousand))	4,298	4,218
Variable pay	1,337	1,066
	<u>5,635</u>	<u>5,284</u>
Cash remuneration paid during the year	<u>5,635</u>	<u>5,284</u>
<i>Board of Directors (5 members listed below):</i>		
Fixed pay	1,187	1,375
Variable pay	0	0
	<u>1,187</u>	<u>1,375</u>

Financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000 2015 2014

3 Staff costs (continued)

By individual Board of Director member:

Erik G. Hansen, Chairman	625	625
Jorgen A. Engell	250	250
Bertil Villard	188	0
Carsten Lønfeldt	62	250
Freddy Frandsen	62	250

Remuneration in 2015 to other significant risk takers than members of the Executive Board amounted to DKK 15,569 thousand (2014: DKK 14,100 thousand) in total for 6 (2014: 6) significant risk takers. The remuneration includes fixed pay of DKK 12,419 thousand (2014: DKK 11,925 thousand) and variable pay of DKK 3,150 thousand (2014: DKK 2,175 thousand).

Remuneration policy

Polaris Management A/S' remuneration policy (approved in June 2013) aims at attracting, retaining, developing and rewarding employees who contribute to the profitable growth of the Company. The policy ensures that remuneration is credible, effective and fair, that the ratio of fixed and variable pay is adequate, proportional and balanced and that the overall remuneration is aligned with sound and efficient risk management principles and does not encourage excessive risk-taking. The policy has not been changed during the year.

Members of the Board of Directors are compensated individually and on a fixed pay basis.

All other employees are compensated individually and primarily on a fixed pay basis, but may in addition hereto receive a component of cash based variable pay based on the remuneration policy. A bonus model applies for the investment team, which is designed to create coherence between the investor's long-term perspective and the performance of the individual employees. Employees in controlling functions do not participate in this model, but may receive variable pay based on individual performance, which is not linked in any way to the outcome of the actual controlling or business performance, but instead based on the achievement of the objectives of the risk management function.

DKK'000 2015 2014

4 Other external administrative expenses

Fees to depositary entities to the extend paid by the Company

Other external expenses include fees to depositary entities related to investment funds under management in the amount of	253	210
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Fees paid to independent auditor appointed at the annual general meeting

Fee regarding statutory audit	94	94
Other assurance services	0	0
Tax/VAT advisory services	9	9
Other non-audit services	218	126
Total fees	321	229

Financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	2015	2014
5 Financial income		
Interest income, banks	0	5
Other interest income, investment funds under management and related entities	590	403
Other financial income	778	7
Foreign exchange gains	23	7
	<u>1,391</u>	<u>422</u>
6 Financial expenses		
Interest expenses, banks	111	0
Other financial expenses	91	81
Foreign exchange losses	46	51
	<u>248</u>	<u>132</u>
7 Tax on profit for the year		
Calculated tax on the taxable income for the year (joint taxation contribution payable)	9,558	927
Adjustment of deferred tax (including effect of reduced tax rate)	47	47
Adjustments regarding previous years	3	2
	<u>9,608</u>	<u>976</u>
Tax on the profit for the year is specified as follows:		
23.5% (24.5%) tax on the profit for the year before tax	9,790	981
The tax effect of:		
Other non-deductible costs	17	17
Other non-taxable income	-202	-24
Adjustment to tax relating to previous years	3	2
	<u>9,608</u>	<u>976</u>
Effective tax rate	<u>23.1%</u>	<u>24.4%</u>
Deferred tax relates to:		
Property, plant and equipment	<u>278</u>	<u>324</u>

Financial statements for the period 1 January – 31 December

Notes to the financial statements

8 Property, plant and equipment

DKK'000	Leasehold improvements	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2015	2,579	2,533	5,112
Additions	21	168	189
Disposals	0	-57	-57
Cost at 31 December 2015	2,600	2,644	5,244
Depreciation and impairment losses at 1 January 2015	2,579	2,423	5,002
Depreciation	1	97	98
Depreciation, assets disposed of	0	-57	-57
Depreciation and impairment losses at 31 December 2015	2,580	2,463	5,043
Carrying amount at 31 December 2015	20	181	201

Loss for the year on disposal of property, plant and equipment amounts to DKK 0 thousand (2014: DKK 5 thousand).

DKK'000	2015	2014
9 Investments		
Cost at 1 January	161	161
Additions	0	0
Disposals	-36	0
Cost at 31 December	125	161
Value adjustment at 1 January	786	691
Profit/loss for the year	93	95
Disposals for the year	-8	0
Value adjustment at 31 December	871	786
Carrying amount at 31 December	996	947

Key figures of subsidiaries:

Name and registered office	Ownership interest	Equity DKK'000	Profit for the year DKK'000
Polaris Invest II ApS, Copenhagen (one of the general partners of Polaris Private Equity II K/S)	100%	996	93

P-CP 2006 A/S in liquidation, Copenhagen, was finally liquidated in July 2015.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

10 Receivables from investment funds under management and related entities

Receivables primarily consist of receivables from the Polaris Private Equity investment funds under management and their related entities including portfolio companies. All management fees have been paid during the year.

DKK'000	<u>2015</u>	<u>2014</u>
11 Cash at hand and in bank		
Cash at hand	11	8
Cash deposits with banks, DKK	61,993	39,976
Cash deposits with banks, SEK	143	274
	<u>62,147</u>	<u>40,258</u>
12 Other payables		
Trade payables	9,383	13,681
Payroll related items payable, holiday allowance, etc.	12,880	10,878
VAT payable and payroll taxes	2,479	1,998
Other payables	390	572
	<u>25,132</u>	<u>27,129</u>

13 Financial risks, etc.

The Board of Directors has provided guidelines in respect of the types of risk that the Company may be exposed to. These guidelines include identification, management, controlling and reporting of risks. The guidelines are supported by a number of routines and business procedures. Moreover Management has formulated policies relating to market risks, liquidity, credit risks, insurance risks, and operational risks. Together with the policies, the guidelines and procedures constitute the Company's overall risk policy. The risk policy ensures that the Company's capital and capital ratio requirements always comply with statutory requirements and identified risks.

Management discusses and monitors the financial position of the Company and relevant risks as a whole on an ongoing basis, latest at the Board of Directors' meeting held on 16 December 2015.

The Company's liquidity must always be sufficient. Liquidity risk is generally considered insignificant due to excess liquidity and prepayment of management fee from investment funds under management.

Interest rate risk is considered minimal due to the current low interest rate environment and the Company's policy to place excess liquidity on short-term cash deposits with banks or short-term bonds.

The Company is not exposed to significant currency risks, as all management fee agreements are denominated in DKK and the cost base is also primarily settled in DKK.

Credit risk on cash deposits with banks are mitigated by only allowing deposits with SIFI Institutions. Credit risk related to receivables from investment funds under management and related entities is monitored on an ongoing basis and considered limited.

Financial statements for the period 1 January – 31 December**Notes to the financial statements****13 Financial risks, etc. (continued)***Operational risks*

Polaris Management A/S' management fee income from investment funds under management is calculated as a percentage of committed capital in the individual investment funds during the investment period and as a percentage of unrealised investments and any retained capital commitments during the realisation period. The income of the Company is accordingly dependent on the number, size and classification of investment funds under management as well as the Company's ability to attract investors to raise new investment funds from time to time as the current investment funds are being invested and realised.

Following the latest closing of Polaris Private Equity IV, it is Management's assessment that the income of the Company has been secured for the coming years.

14 Contingencies, etc.

The Company's rental liabilities total DKK 719 thousand (2014: DKK 693 thousand) which fall due for payment within one year.

Other operating lease obligations amount to DKK 63 thousand (2014: DKK 320 thousand) which fall due for payment within two years.

The Company is jointly taxed with the Danish subsidiaries and the parent company. As a wholly-owned subsidiary, the Company is unlimited and severally liable with the other companies in the joint taxation regarding payment of Danish corporation taxes and Danish withholding taxes on dividends, interests and royalties in the joint taxation.

15 Related party disclosures

The Company is a wholly-owned subsidiary of PM II Holding ApS, Malmøgade 3, DK-2100 Copenhagen Ø (registration no. 28 48 15 35), which is owned by the partners of Polaris Management A/S.

Related parties comprise the Company's and the parent company's shareholders, Board of Directors and Executive Board and subsidiaries. Related parties also comprise companies in which the persons mentioned hold significant interests.

Transactions with related parties

Remuneration of Management during the year is disclosed in note 3.

Transactions with subsidiaries are disclosed in note 9.

Joint taxation contribution payable to the parent company is disclosed in note 7.

The Company has paid dividend of DKK 20 million to the parent company during 2015.

Transactions with investment funds under management and related entities

Management fees received from investment funds under management are disclosed in note 2. Establishment costs settled with Polaris Private Equity IV K/S during 2015 amount to DKK 11,466 thousand.

Receivables from investment funds under management and related entities are disclosed separately in the balance sheet and in note 10 and other interest income in note 5.

Ownership

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

- ▶ PM II Holding ApS, Malmøgade 3, DK-2100 Copenhagen Ø (registration no. 28 48 15 35).

The consolidated financial statements of PM II Holding ApS are available at the Company's address.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

16 Financial highlights (5-year overview)

Ratios and key figures

DKKm	2015	2014	2013	2012	2011
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Key figures

Fee and commission income	96	54	54	60	64
Total staff costs and administrative expenses	-55	-50	-46	-45	-45
Profit before financial items	40	4	8	15	18
Profit for the year	32	3	7	11	14

Equity	51	39	36	35	38
Total assets	76	66	50	49	52

Ratios

Capital base in relation to minimum capital requirements	1.36	1.41	*	*	*
Equity ratio	67%	59%	71%	71%	73%
Return on average equity before tax	93%	11%	25%	41%	62%
Return on average equity after tax	72%	8%	19%	31%	46%
Number of managed alternative investment funds	3	**3	*	*	*
Assets under management	***2,352	***2,524	*	*	*

Average number of employees	21	20	22	21	19
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* Not disclosed as the Company only became subject to the Danish Alternative Investment Fund Managers, etc., Act during 2014.

** Of which one is only becoming operational at 1 January 2015.

*** Of which DKK 1,865 million (2014: DKK 1,870 million) relates to funds, which is subject to the Danish Alternative Investment Fund Managers, etc., Act.

Definition of ratios

The financial ratios have been prepared in accordance with the Danish Financial Supervisory Authority's definitions.

Other management assignments of the Board of Directors and Executive Board

Board of Directors

Erik G. Hansen, Chairman

Member of the Board of Directors:

Chairman

- ▶ TTIT A/S (and 1 subsidiary)

Deputy Chairman

- ▶ Bagger Sørensen & Co A/S (and 6 subsidiaries)

Board member

- ▶ Bagger-Sørensen Fonden
- ▶ Bavarian Nordic A/S
- ▶ Ecco Sko A/S
- ▶ Lesanco ApS
- ▶ Okono A/S
- ▶ Wide Invest ApS
- ▶ Aser Ltd.

Member of the Executive Board:

- ▶ Hansens Advisers ApS
- ▶ Tresor Assets Advisers ApS
- ▶ Berco ApS
- ▶ Polaris Invest II ApS
- ▶ Polaris II Invest Fond
- ▶ Rigas Invest ApS (and 2 subsidiaries)

Jorgen A. Engell

Member of the Executive Board:

- ▶ Polaris Invest II ApS
- ▶ Polaris II Invest Fond

Bertil Villard

Member of the Board of Directors:

Chairman

- ▶ Landsort Care AB
- ▶ Landsort Care 2 AB
- ▶ Landsort Care 3 AB

Deputy board member

- ▶ Advokat Johan Winnerblad AB
- ▶ Advokat CJMGB AB
- ▶ Tengroth & Co AB

Board member

- ▶ Gränges AB
- ▶ Mercuri International Group AB
- ▶ AB Novestra
- ▶ Prior & Nielsson Fond – og Kapitalforvaltning Aktiebolag
- ▶ Bertil Villard Holding AB
- ▶ Cleanergy AB

Member of the Executive Board:

- ▶ Polaris Invest II ApS
- ▶ Polaris II Invest Fond

Other management assignments of the Board of Directors and Executive Board

Executive Board

Jan Johan Kühn

Member of the Board of Directors:

Chairman

- ▶ DDM Holding 1 A/S
- ▶ DDM Holding 2 A/S
- ▶ P-AW 2011 A/S
- ▶ P-CWS 2012 A/S
- ▶ P-BS 2008 A/S
- ▶ Samba Feeder A/S

Deputy Chairman

- ▶ Mols-Linien A/S

Board member

- ▶ Triax A/S
- ▶ Avanti WSH A/S
- ▶ Det Danske Madhus A/S
- ▶ Inter Primo A/S
- ▶ Part Unique ApS
- ▶ P-LP 2014 A/S
- ▶ P-BE 2011 AB, Sweden
- ▶ P-Alignment 2012 AB, Sweden
- ▶ P-WT 2007 A/S
- ▶ PTW Holding A/S
- ▶ PWT Group A/S
- ▶ Basa Holding A/S
- ▶ Selskabet af 12. marts 2013 A/S
- ▶ Holding af 29. juni 2015 A/S
- ▶ Triax Holding A/S
- ▶ Avanti Group A/S

Member of the Executive Board;

- ▶ Holding af 29. juni 2015 A/S
- ▶ P-WT 2007 A/S
- ▶ Business Synergy Group ApS