



Polaris Management A/S

Registration no. 28 50 17 65

FT-no. 23009

Interim report H1 2015

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Statement by the Board of Directors and the Executive Board

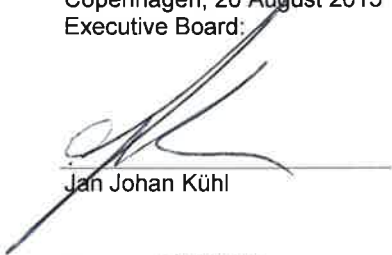
The Board of Directors and the Executive Board have today discussed and approved the interim report of Polaris Management A/S for the financial year 1 January – 30 June 2015.

The interim report has been prepared in accordance with the Danish Alternative Investment Fund Managers, etc., section 148, regarding interim reports.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2015 and of the results of its operations for the financial year 1 January – 30 June 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.

Copenhagen, 20 August 2015
Executive Board:



Jan Johan Kühl

Board of Directors:



Erik Gregers Hansen
Chairman



Jørgen A. Engell



Bertil Rickard Effe Villard

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 – 30 June
Website	www.polarisequity.dk
E-mail	polaris@polarisequity.dk
Telephone	+45 35 26 35 74
Fax	+45 35 26 35 94
Executive Board	Jan Johan Kühl
Board of Directors	Erik Gregers Hansen, Chairman Jorgen A. Engell Bertil Rickard Effe Villard
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4 P.O. Box 250 2000 Frederiksberg Denmark

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, realisation period.
- ▶ Polaris Private Equity IV*, second closing in May 2015 raised the capital commitment to DKK 2.9 billion.

** 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 value creation. Through capital and active ownership, Polaris contributes to this value creation. Polaris aims to achieve controlling shareholdings, alone or together with other financial investors, including the Management of the company.

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 one divestment (deal closes in second half of 2015) and contributed further to the continued development of the portfolio companies in Polaris Private Equity II and III. Polaris Private Equity IV entered into its first investment in June (to close in second half of 2015).

During the first half of 2015, Polaris Management A/S has successfully been able to raise further commitments to the new fund, Polaris Private Equity IV, reaching a total capital commitment of DKK 2.9 billion from both Danish and international investors at its second closing end of May 2015.

During the first half of 2015, Bertil Rickard Effe Villard joined the Board of Directors and Freddy Frandsen and Carsten Lønfeldt retired from the Board of Directors.

Development in financial matters

In the first half year of 2015, Polaris Management A/S realised a profit of DKK 14,921 thousand (2014: profit of DKK 3,030 thousand), impacted by commencement of the management fee income flow from Polaris Private Equity IV.

At 30 June 2015, the equity amounted to DKK 33,607 thousand (31 December 2014: DKK 38,686 thousand) of total assets of DKK 53,892 thousand (31 December 2014: 65,815 thousand), and the Company's equity ratio was 62% (2014: 59%).

Outlook

The Company still expects to realize an operating result for 2015 significantly better than 2014.

Management's review

Operating review (continued)

Other matters and events after the balance sheet date

On 6 July 2015, Polaris Private Equity IV K/S completed its third closing, reaching a total capital commitment of DKK 3.0 billion.

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

Other matters related to particular risks, management remuneration and gender equality policy, intellectual capital, etc., are described in the Management's review included in the Annual Report 2014, to which reference is made.

Financial statements for the period 1 January – 30 June

Income statement and statement of comprehensive income

Income statement

Note	DKK'000	H1 2015	H1 2014	2014 (full year)
2	Fee and commission income	46,545	26,726	53,618
4	Other external expenses	-7,541	-5,491	-13,847
3	Staff costs	-20,760	-18,127	-36,050
	Total staff costs and administrative expenses	-28,301	-23,618	-49,897
	Depreciation of property, plant and equipment and amortisation of intangible assets	-45	-57	-100
	Profit before financial items	18,199	3,051	3,621
	Share of profit in subsidiaries net of tax	57	51	95
5	Financial income	1,107	213	422
6	Financial expenses	-96	-74	-132
	Profit before tax	19,267	3,241	4,006
7	Tax on profit for the period	-4,346	-866	-976
	Profit for the period	14,921	2,375	3,030
	Proposed profit appropriation			
	Proposed dividends	0	0	20,000
	Reserve for net revaluation according to the equity method	50	51	95
	Retained earnings	14,871	2,324	-17,065
		14,921	2,375	3,030

Statement of comprehensive income

Profit for the period	14,921	2,375	3,030
Other comprehensive income	0	0	0
Total comprehensive income for the period	14,921	2,375	3,030

Financial statements for the period 1 January – 30 June

Balance sheet

Note	DKK'000	30/6 2015	30/6 2014	31/12 2014
	ASSETS			
	Property, plant and equipment			
	Fixtures and fittings, other plant and equipment	183	85	110
		<u>183</u>	<u>85</u>	<u>110</u>
	Receivables			
8	Receivables from investment funds under management and related entities	19,468	12,362	19,246
	Current tax receivable	3,341	0	939
	Deferred tax asset	299	351	324
	Other receivables	468	664	535
	Deposits	641	633	629
	Prepayments	2,932	2,716	2,827
		<u>27,149</u>	<u>16,726</u>	<u>24,500</u>
	Investments			
	Equity investments in subsidiaries	961	903	947
		<u>961</u>	<u>903</u>	<u>947</u>
9	Cash at hand and in bank	<u>25,599</u>	<u>33,032</u>	<u>40,258</u>
	TOTAL ASSETS	<u>53,892</u>	<u>50,746</u>	<u>65,815</u>

Financial statements for the period 1 January – 30 June

Balance sheet

Note	DKK'000	30/6 2015	30/6 2014	31/12 2014
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	500	500	500
	Net revaluation reserve according to the equity method	836	742	786
	Retained earnings	32,271	36,790	17,400
	Proposed dividends	0	0	20,000
	Total equity	33,607	38,032	38,686
	Liabilities			
	Current liabilities			
	Current tax liabilities (joint taxation contribution payable)	0	1,324	0
	Trade payables	9,081	481	13,681
10	Other payables	11,204	10,909	13,448
	Total liabilities	20,285	12,714	27,129
	TOTAL EQUITY AND LIABILITIES	53,892	50,746	65,815

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

Financial statements for the period 1 January – 30 June

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	50	14,871	0	14,921
Other comprehensive income	0	0	0	0	0
Equity 30 June 2015	500	836	32,271	0	33,607

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	30/6 2015	31/12 2014
Capital base		
Reported equity	33,607	38,686
Deferred tax asset	-299	-324
Proposed dividends	0	-20,000
	33,308	18,362

Financial statements for the period 1 January – 30 June

Notes to the financial statements

1 Accounting policies

The interim 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 are unchanged compared to those applied in the Annual Report 2014. Reference is made to note 1 in the Annual Report for 2014, which contains a full description of the accounting policies.

The Interim report has not been subject to an audit or a review.

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 (CVR-no. 28 48 15 35), prepares annual consolidated financial statements in which Polaris Management A/S and its subsidiaries are included.

DKK'000	H1 2015	H1 2014	2014
2 Fee and commission income			
Fee and commission income received (management fee)			
by investment funds under management:			
Polaris Private Equity II K/S	6,448	6,723	13,282
Polaris Private Equity III K/S	14,740	20,002	40,336
Polaris Private Equity IV K/S	25,357	0	0
	<u>46,545</u>	<u>26,725</u>	<u>53,618</u>
3 Staff costs			
Wages and salaries	16,547	14,407	28,707
Pensions	1,486	1,498	2,937
Other social security costs	61	68	131
Other staff costs	2,666	2,154	4,275
	<u>20,760</u>	<u>18,127</u>	<u>36,050</u>
Average number of full-time employees	<u>22</u>	<u>22</u>	<u>20</u>
Hereof:			
Female employees	5	5	5
Male employees	17	17	15

The remuneration policy is disclosed in note 3 to the Annual Report 2014, to which reference is made.

Financial statements for the period 1 January – 30 June

Notes to the financial statements

DKK'000	H1 2015	H1 2014	2014
4 Other external expenses			
Fees to depositary entities			
Other external expenses include fees to depositary entities related to investment funds under management in the amount of	126	84	210
5 Financial income			
Interest income, banks	0	2	5
Other interest income, investment funds under management and related entities	326	202	403
Other financial income	768	3	7
Foreign exchange gains	13	4	7
	<u>1,107</u>	<u>213</u>	<u>422</u>
6 Financial expenses			
Interest expenses, banks	-25	0	0
Other financial expenses	-45	-49	-81
Foreign exchange losses	-26	-25	-51
	<u>-96</u>	<u>-74</u>	<u>-132</u>
7 Tax on profit for the period			
Computed tax on the taxable income for the period (joint taxation contribution payable)	4,321	845	927
Adjustment of deferred tax (including effect of reduced tax rate)	25	21	47
Adjustments regarding previous years	0	0	2
	<u>4,346</u>	<u>866</u>	<u>976</u>

8 Receivables from investment funds under management and related entities

Receivables primarily consist of receivables from Polaris Private Equity IV and other Polaris Private Equity investment funds under management and their related entities including portfolio companies.

Financial statements for the period 1 January – 30 June

Notes to the financial statements

DKK'000	<u>30/6 2015</u>	<u>30/6 2014</u>	<u>31/12 2014</u>
9 Cash at hand and in bank			
Cash at hand	10	10	8
Cash deposits with banks, DKK	25,326	32,759	39,976
Cash deposits with banks, SEK	263	263	274
	<u>25,599</u>	<u>33,032</u>	<u>40,258</u>
10 Other payables			
Payroll related items payable, holiday allowance, etc.	8,623	7,864	10,878
VAT payable and payroll taxes	2,126	1,595	1,998
Other payables	455	1,450	572
	<u>11,204</u>	<u>10,909</u>	<u>13,448</u>

11 Financial risks, etc.

The Company's financial risks, etc., are in all material aspects unchanged compared to those disclosed in note 13 to the Annual Report 2014, to which reference is made.

12 Contingencies, etc.

The Company's rental liabilities total DKK 710 thousand (31/12 2014: DKK 693 thousand) which fall due for payment within one year.

Other operating lease obligations amount to DKK 145 thousand (31/12 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.

13 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.

Significant transactions with investment funds under management and related entities

Management fees received from investment funds under management are disclosed in note 2.

Receivables from investment funds under management and related entities are disclosed separately in the balance sheet and in note 8 and other interest income in note 5.

Financial statements for the period 1 January – 30 June

Notes to the financial statements

14 Financial highlights (5-year overview)

Ratios and key figures

DKKm	H1 2015	FY 2014	FY 2013	FY 2012	FY 2011
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Key figures

Fee and commission income	47	54	54	60	64
Total staff costs and administrative expenses	-28	-50	-46	-45	-45
Profit before financial items	18	4	8	15	18
Profit for the year	15	3	7	11	14

Equity	34	39	36	35	38
Total assets	54	66	50	49	52

Ratios

Capital base in relation to minimum capital requirements	2.56	1.41	*	*	*
Equity ratio	62%	59%	71%	71%	73%
Return on average equity before tax	106%	11%	25%	41%	62%
Return on average equity after tax	82%	8%	19%	31%	46%
Number of managed alternative investment funds	3	3	*	*	*
Assets under management	**2,787	**2,524	*	*	*

Average number of employees	22	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 DKK 1,965 million (31/12 2014: DKK 1,870 million) relates to a fund, 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.