



Polaris Management A/S

Registration no. 28 50 17 65

Annual report 2014

Approved at the Company's annual general meeting on 27/4 2015

Chairman:

A handwritten signature in black ink, written over a horizontal dotted line. The signature is stylized and appears to be "M. Bay".

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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 2014.

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

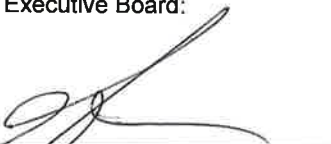
In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2014 and of the results of its operations for the financial year 1 January – 31 December 2014.

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, 28 January 2015

Executive Board:



Jan Johan Kühl

Board of Directors:



Erik Gregers Hansen
Chairman



Jorgen A. Engell



Freddy Frandsen



Carsten Lønfeldt

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 2014. 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 2014 and of the results of its operations for the financial year 1 January – 31 December 2014 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, 28 January 2015

ERNST & YOUNG
Godkendt Revisionspartnerselskab



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
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
Fax	+45 35 26 35 94
Executive Board	Jan Johan Kühl
Board of Directors	Erik Gregers Hansen, Chairman Jorgen A. Engell Freddy Frandsen Carsten Lønfeldt
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, transitioned into its realisation period at the end of 2014
- ▶ Polaris Private Equity IV*, first closing 2014 reaching a capital commitment of DKK 2.2 billion, investment period starts 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 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 2014, 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 and III.

On 22 April 2014, the Danish Financial Supervisory Authority granted Polaris Management A/S license to operate as fund manager in accordance with the Danish Alternative Investment Fund Managers, etc., Act.

During 2014, Polaris Management A/S has successfully been able to raise a new fund, Polaris Private Equity IV, reaching a capital commitment of approximately DKK 2.2 billion from both Danish and international investors at its first closing at the end of 2014.

At 31 December 2014, Polaris Private Equity III transitioned into its realisation period.

Development in financial matters

In 2014, Polaris Management A/S realised a profit of DKK 3,030 thousand (2013: profit of DKK 6,601 thousand), which is in line with expectations.

At 31 December 2014, the equity amounted to DKK 38,686 thousand (31 December 2013: DKK 35,656 thousand) of total assets of DKK 65,815 thousand (31 December 2013: 50,363 thousand), and the Company's equity ratio was 59% (2013: 71%). Proposed dividend for the year amounts to DKK 20,000 thousand (2013: no dividends proposed).

Management's review

Operating review (continued)

Outlook

The Company expects to realise an operating result for 2015 significantly better than 2014 depending on the timing and size of the final closing of Polaris Private Equity IV.

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 recent successful first 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.

The 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 28 January 2015.

Management remuneration

Polaris Management A/S' remuneration policy aims at attracting, retaining, developing and rewarding employees who contribute to the value creation 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 2014 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 20 people at 31 December 2014.

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 value creation 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 22-24.

Financial statements for the period 1 January – 31 December

Income statement and statement of comprehensive income

Income statement

Note	DKK'000	2014	2013
2	Fee and commission income	53,618	54,096
4	Other external expenses	-13,847	-8,273
3	Staff costs	-36,050	-37,473
	Total staff costs and administrative expenses	-49,897	-45,746
8	Depreciation of property, plant and equipment and amortisation of intangible assets	-100	-239
	Profit before financial items	3,621	8,111
	Share of profit in subsidiaries net of tax	95	114
5	Financial income	422	750
6	Financial expenses	-132	-125
	Profit before tax	4,006	8,850
7	Tax on profit for the year	-976	-2,249
	Profit for the year	3,030	6,601
	Proposed profit appropriation		
	Proposed dividends	20,000	0
	Reserve for net revaluation according to the equity method	95	114
	Retained earnings	-17,065	6,487
		3,030	6,601

Statement of comprehensive income

Profit for the year	3,030	6,601
Other comprehensive income	0	0
Total comprehensive income for the year	3,030	6,601

Financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	31/12 2014	31/12 2013
	ASSETS		
8	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	110	133
		<u>110</u>	<u>133</u>
	Receivables		
10	Receivables from investment funds under management and related entities	19,246	9,485
	Current tax receivable	939	0
	Deferred tax asset	324	371
	Other receivables	535	378
	Deposits	629	621
	Prepayments	2,827	2,920
		<u>24,500</u>	<u>13,775</u>
9	Investments		
	Equity investments in subsidiaries	947	852
		<u>947</u>	<u>852</u>
11	Cash at hand and in bank	<u>40,258</u>	<u>35,603</u>
	TOTAL ASSETS	<u>65,815</u>	<u>50,363</u>

Financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	31/12 2014	31/12 2013
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	500	500
	Net revaluation reserve according to the equity method	786	691
	Retained earnings	17,400	34,465
	Proposed dividends	20,000	0
	Total equity	38,686	35,656
	Liabilities		
	Current liabilities		
	Current tax liabilities (joint taxation contribution payable)	0	1,186
	Trade payables	13,681	802
12	Other payables	13,448	12,719
	Total liabilities	27,129	14,707
	TOTAL EQUITY AND LIABILITIES	65,815	50,363

- 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 2013, cf. annual report 2013	500	0	27,978	6,000	34,478
Change of accounting policy, cf. note 1	0	577	0	0	577
Equity 1 January 2013	500	577	27,978	6,000	35,055
Dividends paid during the year	0	0	0	-6,000	-6,000
Transferred, cf. profit appropriation	0	114	6,487	0	6,601
Other comprehensive income	0	0	0	0	0
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 31 December 2014	500	786	17,400	20,000	38,686

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	2014	2013
Capital base		
Reported equity	38,686	35,656
Deferred tax asset	-324	-371
Proposed dividends	-20,000	0
	18,362	35,285

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 2014 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.

Change in accounting policies

On 22 April 2014, the Danish Financial Supervisory Authority granted Polaris Management A/S license to operate as fund manager in accordance with the Danish Alternative Investment Fund Managers, etc., Act. Under this license, Polaris Management A/S is required to prepare its annual report for 2014 in accordance with the provisions issued by the Danish Financial Supervisory Authority pursuant to the Danish Alternative Investment Fund Managers, etc., Act. Prior to 2014, the Company has prepared the annual report in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

As a consequence of this change, the accounting policy for measurement of equity investments in subsidiaries has been changed from measurement at cost to the equity method in order to comply with the applicable accounting provisions. This change has increased profit for the year by DKK 95 thousand (2013: DKK 114 thousand) and equity investments in subsidiaries as well as the equity by DKK 786 thousand (2013: DKK 691 thousand). The impact of the change in accounting policy has been recognised directly in equity at 1 January 2013 by DKK 577 thousand. Comparative information has been restated accordingly.

Apart from this change, the accounting policies used in the preparation of the financial statements regarding recognition and measurement are consistent with those of last year. The change to apply the provisions issued by the Danish Financial Supervisory Authority has further led to a change in the presentation of the income statement and balance sheet as well as the inclusion of a statement of comprehensive income and a separate statement of changes in equity. Furthermore, additional disclosures have been included in both the Management's review and the notes to the financial statements including a 5-year overview showing financial highlights. Comparative information has been restated accordingly as applicable.

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 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.

Financial statements for the period 1 January – 31 December**Notes to the financial statements****1 Accounting policies (continued)****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 prepayments.

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.

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.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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	2014	2013
2 Fee and commission income		
Fee and commission income received (management fee) by investment funds under management:		
Polaris Private Equity II K/S	13,282	13,760
Polaris Private Equity III K/S	40,336	40,336
Polaris Private Equity IV K/S	0	0
	53,618	54,096

Financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	2014	2013
3 Staff costs		
Wages and salaries	28,707	29,897
Pensions	2,937	3,029
Other social security costs	131	131
Other staff costs	4,275	4,416
	<u>36,050</u>	<u>37,473</u>
 Average number of full-time employees	 <u>20</u>	 <u>22</u>
 Hereof:		
Female employees	5	5
Male employees	15	17
 The composition of the Board of Directors is unchanged compared to 2013 and solely consists of male members.		
Management remuneration included in staff costs, total	<u>6,659</u>	<u>6,865</u>
 <i>Executive Board (Jan Johan Kühl):</i>		
Fixed pay	4,218	
(including pensions of DKK 492 thousand)		
Variable pay	1,066	
	<u>5,284</u>	
Cash remuneration paid during the year	<u>5,284</u>	
 <i>Board of Directors (4 members listed below):</i>		
Fixed pay	1,375	
Variable pay	0	
	<u>1,375</u>	
 <i>By individual Board of Director member:</i>		
Erik Gregers Hansen, Chairman	625	
Jorgen A. Engell	250	
Freddy Frandsen	250	
Carsten Lønfeldt	250	

Remuneration in 2014 to other significant risk takers than members of the Executive Board amounted to DKK 14,100 thousand in total for 6 significant risk takers. The remuneration includes fixed pay of DKK 11,925 thousand and variable pay of DKK 2,175 thousand.

No detailed comparative information for 2013 has been disclosed, as the Company only became subject to the Danish Alternative Investment Fund Managers, etc., Act during 2014.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

3 Staff costs (continued)

Remuneration policy

Polaris Management A/S' remuneration policy (approved in June 2013) aims at attracting, retaining, developing and rewarding employees who contribute to the value creation 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	2014	2013
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	210	0
	210	0
Fees paid to independent auditor appointed at the annual general meeting		
Fee regarding statutory audit	75	85
Other assurance services	0	0
Tax/VAT advisory services	8	18
Other non-audit services	101	57
Total fees	184	160

Financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	2014	2013
5 Financial income		
Interest income, banks	5	27
Other interest income, investment funds under management and related entities	403	578
Other financial income	7	0
Foreign exchange gains	7	145
	<u>422</u>	<u>750</u>
6 Financial expenses		
Other financial expenses	-81	-117
Foreign exchange losses	-51	-8
	<u>-132</u>	<u>-125</u>
7 Tax on profit for the year		
Computed tax on the taxable income for the year (joint taxation contribution payable)	927	2,186
Adjustment of deferred tax (including effect of reduced tax rate)	47	63
Adjustments regarding previous years	2	0
	<u>976</u>	<u>2,249</u>
Tax on the profit for the year is specified as follows:		
24,5% (25,0%) tax on the profit for the year before tax	981	2,213
The tax effect of:		
Other non-deductible costs	17	25
Other non-taxable income	-24	-30
Effect of reduction of the corporation tax rate on deferred tax	0	42
Adjustment to tax relating to previous years	2	-1
	<u>976</u>	<u>2,249</u>
Effective tax rate	<u>24.4 %</u>	<u>25.4 %</u>
Deferred tax relates to:		
Property, plant and equipment	<u>324</u>	<u>371</u>

Financial statements for the period 1 January – 31 December

Notes to the financial statements

8 Property, plant and equipment

DKK'000	Leasehold improve- ments	Fixtures and fittings, other plant and equip- ment	Total
Cost at 1 January 2014	2,579	2,528	5,107
Additions	0	78	78
Disposals	0	-73	-73
Cost at 31 December	2,579	2,533	5,112
Depreciation and impairment losses at 1 January 2014	2,579	2,395	4,974
Depreciation	0	95	95
Depreciation, assets disposed of	0	-67	-67
Depreciation and impairment losses at 31 December 2014	2,579	2,423	5,002
Carrying amount at 31 December 2014	0	110	110

Loss for the year on disposal of property, plant and equipment amounts to DKK 5 thousand (2013: DKK 0 thousand).

DKK'000	2014	2013
9 Investments		
Cost at 1 January	161	205
Additions	0	36
Disposals	0	-80
Cost at 31 December	161	161
Value adjustment at 1 January	691	577
Profit/loss for the year	95	114
Value adjustment at 31 December	786	691
Carrying amount at 31 December	947	852

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%	903	100
P-CP 2006 A/S in liquidation, Copenhagen (dormant entity in liquidation)	100%	44	-5

10 Receivables from investment funds under management and related entities

Receivables primarily consist of receivables from Polaris Private Equity IV (becoming operational at 1 January 2015) and other Polaris Private Equity investment funds under management and their related entities including portfolio companies. All management fees have been paid during the year.

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

DKK'000	2014	2013
11 Cash at hand and in bank		
Cash at hand	8	8
Cash deposits with banks, DKK	39,976	34,962
Cash deposits with banks, SEK	274	633
	40,258	35,603
12 Other payables		
Payroll related items payable, holiday allowance, etc.	10,878	10,168
VAT payable and payroll taxes	1,998	2,335
Other payables	572	216
	13,448	12,719

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 the Management has formulated policies relating to market risks, liquidity, credit, 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.

The 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 28 January 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.

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 recent successful first 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 statements for the period 1 January – 31 December**Notes to the financial statements****14 Contingencies, etc.**

The Company's rental liabilities total DKK 693 thousand (2013: DKK 676 thousand) which fall due for payment within one year.

Other operating lease obligations amount to DKK 320 thousand (2013: DKK 525 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 did not pay any dividends to the parent company during 2014.

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 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	2014	2013	2012	2011	2010
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Key figures

Fee and commission income	54	54	60	64	73
Total staff costs and administrative expenses	-50	-46	-45	-45	-47
Profit before financial items	4	8	15	18	25
Profit for the year	3	7	11	14	19

Equity	39	36	35	38	23
Total assets	66	50	49	52	38

Ratios

Capitail base in relation to minimum capital requirements	1.41	*	*	*	*
Equity ratio	59%	71%	71%	73%	62%
Return on average equity before tax	11%	25%	41%	62%	183%
Return on average equity after tax	8%	19%	31%	46%	136%
Number of managed alternative investment funds	**3	*	*	*	*
Assets under management	***2,524	*	*	*	*

Average number of employees	20	22	21	19	18
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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 1,870 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.

Other management assignments of the Board of Directors and Executive Board

Board of Directors

Erik Gregers Hansen, Chairman

Member of the Board of Directors:

Chairman

- ▶ Pre-seed Innovation A/S
- ▶ TTIT A/S (and 1 subsidiary)

Deputy Chairman

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

Member of the Executive Board:

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

Board member

- ▶ Bagger-Sørensen Fonden
- ▶ Bavarian Nordic A/S
- ▶ Ecco Sko A/S
- ▶ Lesanco ApS
- ▶ Okono A/S
- ▶ Wide Invest ApS
- ▶ PFA Holding A/S (and 1 subsidiary)
- ▶ Aser Ltd.

Jorgen A. Engell

Member of the Executive Board:

- ▶ Polaris Invest II ApS
- ▶ Polaris II Invest Fonden

Freddy Frandsen

Member of the Board of Directors:

Chairman

- ▶ Følsgaard Fonden
- ▶ Desmi A/S (and 1 subsidiary)

Member of the Executive Board:

- ▶ Polaris Invest II ApS
- ▶ Frf Invest ApS
- ▶ Polaris II Invest Fonden

Deputy Chairman

- ▶ Svejsemaskinefabrikken Migatronik A/S

Board member

- ▶ Utzon Fond – Utzon Foundation

Other management assignments of the Board of Directors and Executive Board**Board of Directors (continued)****Carsten Lønfeldt**

Member of the Board of Directors:

Chairman

- Investeringsforeningen Nykredit Invest Engros
- Investeringsforeningen Nykredit Invest
- Kapitalforeningen Nykredit Invest
- Fonden Dansk Standard
- Onmondo ApS
- Placeringsforeningen Nykredit Invest (Kapitalforening)
- Eye4talent ApS

Member of the Executive Board:

- Polaris Invest II ApS
- Polaris II Invest Fonden
- NKB Invest 106 ApS
- KCBL Management ApS

Other assignments:

- Member of Landsskatteretten
- Member of NASDAQ OMX Copenhagen Advisory Board

Deputy Chairman

- ETA Danmark A/S
- Kapitalforeningen Institutionel Investor

Board member

- Labflex A/S
- Niels E. Fisker A/S
- Fisker Ejendomsselskab A/S med 1 tilhørende datterselskab (Ll. Colbjørnsensgade 6-10 ApS)
- Investeringsforeningen Nykredit Invest Almen Bolig
- Investeringsforeningen Investin
- Carmo A/S
- Kapitalforeningen Emd Invest
- Kapitalforeningen Emerging Markets Long-Term Economic Investment Fund (L.E.I.F.)
- Kapitalforeningen Investin Pro
- Kapitalforeningen Nykredit Kobra II
- Kapitalforeningen Nykredit Mira III
- Kapitalforeningen Nykredit Kobra
- Global Evolution Invest F.m.b.a.
- Kapitalforeningen Nykredit Kobra III
- Kapitalforeningen Pro-Target Invest
- Henef A/S

Other management assignments of the Board of Directors and Executive Board

Executive Board

Jan Johan Kühl

Member of the Board of Directors:

Chairman

- ▶ Det Danske Madhus A/S
- ▶ P-BS 2008 A/S
- ▶ Samba Feeder A/S
- ▶ P-AW 2011 A/S
- ▶ P-UWS 2012 A/S
- ▶ P-AT 2012 A/S
- ▶ DDM Holding 1 A/S
- ▶ DDM Holding 2 A/S

Member of the Executive Board:

- ▶ Business Synergy Group ApS
- ▶ P-WT 2007 A/S

Board member

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