

## **NORTHCAPITAL HOLDING APS**

Nyhavn 53 C

1051 Copenhagen K, Denmark

CVR No. 37861715

## **Annual Report 2016/17**

1. financial year

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 22 November 2017

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Werner Maria Anton Schmidt  
Chairman

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## Management's Statement

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

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

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

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

Copenhagen, 22 November 2017

### Executive management

Werner Schmidt  
CEO

Kim Hersland  
CFO

### Board of directors

Werner Schmidt

Christian Frederik Harboe Wissum      Kim Hersland  
Chairman

## Independent Auditor's Report

### To the shareholders of NORTHCAPITAL HOLDING APS

#### Opinion

We have audited the financial statements of NORTHCAPITAL HOLDING APS for the financial year 8 July 2016 - 30 June 2017, which comprise an income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2017 and of the results of its operations for the financial year 8 July 2016 - 30 June 2017 in accordance with the Danish Financial Statements Act.

#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's 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 Financial Statements Act and for such internal control as Management considers necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting in preparing the financial statements unless Management either intends to either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

#### The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

- \* Identify and assess the risk of material misstatements in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- \* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

## Independent Auditor's Report

- \* Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- \* Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- \* Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which we identify during our audit.

### Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 22 November 2017

**Aage & Povl Holm I/S**

**Member of KRESTON Danmark**

CVR-no. 14759840

Arne Jakobsen

State Authorised Public Accountant

## Company details

<b>Company</b>	NORTHCAPITAL HOLDING APS Nyhavn 53 C 1051 Copenhagen K, Denmark
CVR No.	37861715
Date of formation	8 July 2016
Registered office	Copenhagen
Financial year	8 July 2016 - 30 June 2017
<b>Board of directors</b>	Werner Schmidt Christian Frederik Harboe Wissum , Chairman Kim Hersland
<b>Executive Management</b>	Werner Schmidt, CEO Kim Hersland , CFO
<b>Auditors</b>	Aage & Povl Holm I/S Member of KRESTON Danmark Rustenborgvej 7a 2800 Kongens Lyngby CVR-no.: 14759840

## Management's Review

### The Company's principal activities

NorthCapital Holding is a diversified North-European Investment Company with its main focus on the precious stones sector. NorthCapital ranges among Europe's largest investors in this field. The Company will in the years ahead continue to focus on this activity.

Incorporated in 2016 NorthCapital Holding ApS serves as holding company for present and future activities of the NorthCapital Group. In 2017 the Company has started a consolidation process in which a number of activities and existing assets have been transferred to NorthCapital Holding ApS with a view to creating a significant and financially strong entity as the foundation for the NorthCapital Group.

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

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

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

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

### Development in Activities and Financial Matters

In the course of the financial year investments have been made in precious stones.

The Company's Income Statement of the financial year 8 July 2016 - 30 June 2017 shows a result of EUR 0 and the Balance Sheet at 30 June 2017 a balance sheet total of EUR 500.801.062 and an equity of EUR 6.750.

The Management has elected to take a conservative approach to the evaluation of the assets acquired in 2016/17. Consequently substantial reservations have been made. The Management expects the Company to demonstrate significant excess values when the company starts its commercial operation.

### Group Restructuring

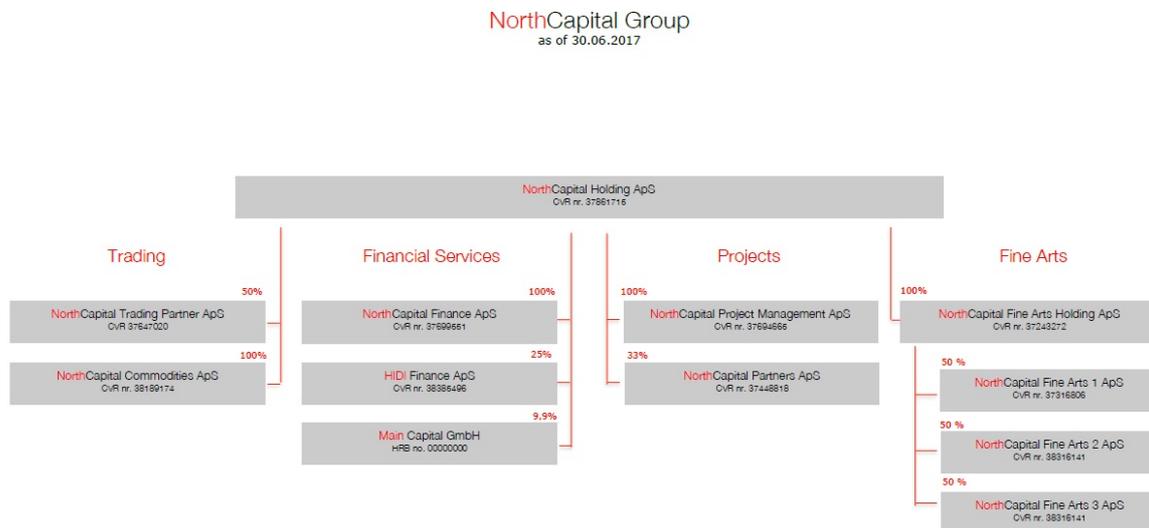
As a result of a technical restructuring of the group all activities of NorthCapital ApS including all assets and liabilities of NorthCapital ApS have been taken over by NorthCapital Holding ApS in February 2017.

NorthCapital ApS is technically under liquidation and a merger with NorthCapital Holding has been agreed. After completion of such merger NorthCapital Holding will reflect the former balance sheet of NorthCapital ApS and the Equity will equal an expected EUR 350,000,000.

## Management's Review

### Group Structure

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



## Accounting Policies

### Reporting Class

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

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

### Reporting currency

The Annual Report is presented in Euro.

## General Information

### Basis of recognition and measurement

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

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

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

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

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

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

## Income Statement

### Revenue

#### Other external expenses

Other external expenses comprise expenses regarding sale and administration.

### Financial income and expenses

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

## Accounting Policies

### Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity. The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

## Balance Sheet

### Inventories

Inventories are measured at cost prices, the inventory have been tested towards worldmarket auction prices. The test have been conservatively performed.

### Receivables

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

### Cash and cash equivalents

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

Proposed dividend for the year is recognised as a separate item in equity.

### Financial liabilities

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

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

### Current tax liabilities

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

### Contingent assets and liabilities

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

**Income Statement**

	<b>Note</b>	<b>2016/17 EUR</b>
<b>Gross profit</b>		<b>0</b>
Employee benefits expense	1	<u>0</u>
<b>Profit from ordinary operating activities</b>		<b>0</b>
<b>Profit from ordinary activities before tax</b>		<b>0</b>
Tax expense on ordinary activities	2	<u>0</u>
<b>Profit</b>		<b>0</b>

**Balance Sheet as of 30 June**

	<b>Note</b>	<b>2017 EUR</b>
<b>Assets</b>		
Other investment assets		500.000.000
<b>Property, plant and equipment</b>		<b>500.000.000</b>
Long-term investments in group enterprises	3, 4	27.000
Long-term investments in associates	4, 5	767.312
<b>Investments</b>		<b>794.312</b>
<b>Fixed assets</b>		<b>500.794.312</b>
Other short-term receivables		6.750
<b>Receivables</b>		<b>6.750</b>
<b>Current assets</b>		<b>6.750</b>
<b>Assets</b>		<b>500.801.062</b>

**Balance Sheet as of 30 June**

	<b>Note</b>	<b>2017 EUR</b>
<b>Liabilities and equity</b>		
Contributed capital		6.750
<b>Equity</b>	<b>6</b>	<u><b>6.750</b></u>
Payables to group enterprises		349.861.534
Payables to shareholders and management		150.932.778
<b>Short-term liabilities other than provisions</b>		<u><b>500.794.312</b></u>
<b>Liabilities other than provisions within the business</b>		<u><b>500.794.312</b></u>
<b>Liabilities and equity</b>		<u><b>500.801.062</b></u>
Contingent liabilities	7	
Other arrangements not recognised in balance sheet	8	
Collaterals and assets pledges as security	9	

## Notes

2016/17

**1. Employee benefits expense**

Wages and salaries	0
Post-employment benefit expense	0
Social security contributions	0
	<u>0</u>

*Hereof remuneration to management*

Management	0
Board of directors	0
	<u>0</u>

The company has in the fiscal year employed 0 persons at average.

**2. Tax expense**

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

**3. Long-term investments in group enterprises**

Addition during the year, incl. improvements	27.000
<b>Cost at the end of the year</b>	<u><b>27.000</b></u>
<b>Carrying amount at the end of the year</b>	<u><b>27.000</b></u>

**4. Disclosure in long-term investments in group enterprises and associates***Group enterprises*

Name	Registered office	Share held in %
NORTHCAPITAL Fine Arts ApS	Copenhagen	100,00
NORTHCAPITAL Finance ApS	Copenhagen	100,00
NORTHCAPITAL Commodities ApS	Copenhagen	100,00
NORTHCAPITALProjekt Management ApS	Copenhagen	100,00

*Associates*

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

**Notes**

2016/17

**5. Long-term investments in associates**

Addition during the year, incl. improvements	767.312
<b>Cost at the end of the year</b>	<b>767.312</b>
<b>Carrying amount at the end of the year</b>	<b>767.312</b>

**6. Statement of changes in equity**

	<u>Contributed capital</u>	<u>Share Premium</u>	<u>Retained earnings</u>	<u>Total</u>
Equity, beginning balance	0	0	0	0
Addition during the year	6.750			6.750
Result				0
	<b>6.750</b>	<b>0</b>	<b>0</b>	<b>6.750</b>

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

**7. Contingent liabilities**

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

No other contingent liabilities exist at the balance sheet date.

**8. Other arrangements not recognised in balance sheet**

The shareholders have given a indemnification statement towards North Capital Holding ApS stating that the shareholders unconditionally and irrevocably guarantee to indemnify and keep NorthCapital Holding ApS harmless on a EUR for EUR basis of any rightful claim(s) not reflected in the Financial Statement.

**9. Collaterals and securities**

No securities or mortgages exist at the balance sheet date.