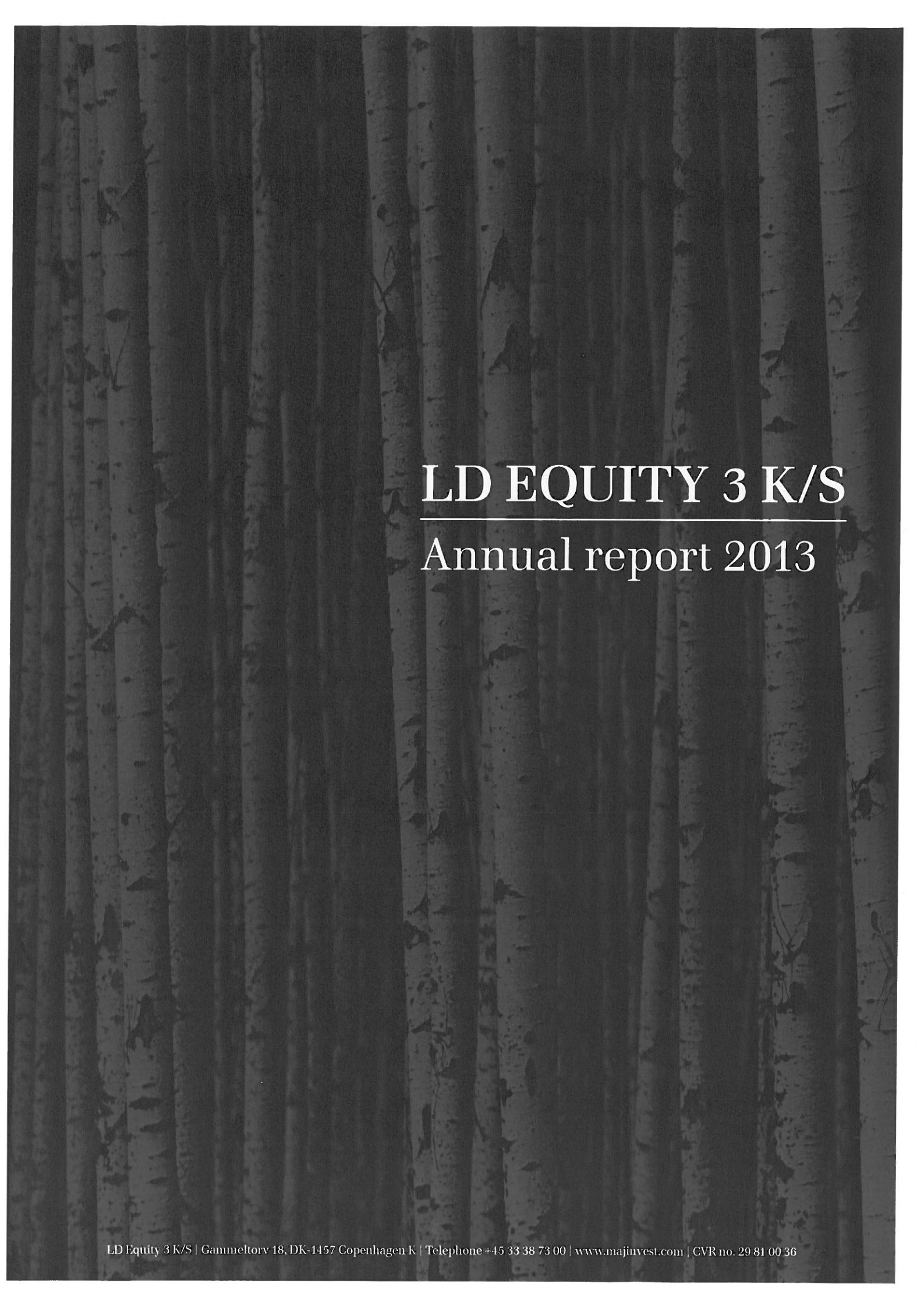




LD EQUITY 3 K/S

Annual report 2013

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STATEMENTS

STATEMENT BY MANAGEMENT

The board of directors has today discussed and approved the annual report for LD Equity 3 K/S for the financial year 1 January – 31 December 2013.

The annual report has been prepared in accordance with the Danish Financial Statements Act although the limited partnership has not prepared consolidated financial statements.

In our opinion, the financial statements give a true and fair view of the limited partnership's assets, liabilities and financial position at 31 December 2013 and of the results of the limited partnership's operations and cash flows for the financial year 1 January – 31 December 2013.

We believe that the Management commentary includes a fair review of the development in the limited partnership's activities and financial position, the result for the year and the limited partnership's financial position as a whole.

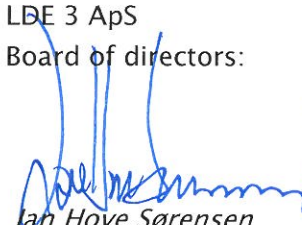
We recommend the annual report 2013 for adoption at the annual general meeting.

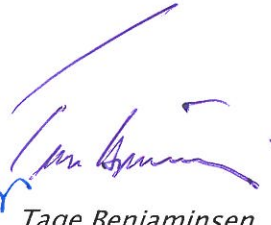
Copenhagen, 21 February 2014

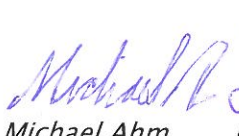
General partner:

LDE 3 ApS

Board of directors:


Jan Hove Sørensen
(chairman)


Tage Benjaminsen


Michael Ahm

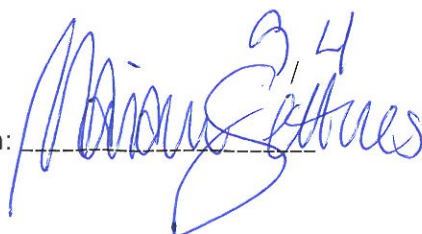

Niels Toft

The annual report is presented and approved at the annual general meeting.

on

2014

Chairman:



STATEMENTS

Independent auditors' report

To the limited partners in LD Equity 3 K/S

Independent auditors' report on the financial statements

We have audited the financial statements of LD Equity 3 K/S for the financial year 1 January – 31 December 2013. The financial statements comprise accounting policies, income statement, balance sheet, cash flow statement and notes. The financial statements are prepared in accordance with the Danish Financial Statements 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 Financial Statements 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 limited partnership'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 limited partnership'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.

Qualification

Basis for qualified opinion

With reference to the Management commentary, the consolidated financial statements are not presented, which in our opinion is not in accordance with the Danish Financial Statements Act.

Opinion with qualification

In our opinion, except for the fact that the consolidated financial statements are not presented, the financial statements give a true and fair view of the limited partnership's financial position at 31 December 2013 and of the results of its operations and cash flow for the financial year 1 January – 31 December 2013 in accordance with the Danish Financial Statements Act.

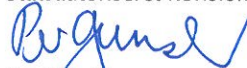
Statement on the Management commentary

Pursuant to the Danish Financial Statements Act, we have read the Management commentary. 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 commentary is consistent with the financial statements.

Copenhagen, 21 February 2014

KPMG

Statsautoriseret Revisionspartnerselskab



Per Gunslev

Stated Authorised Public Accountant



Ole Karstensen

Stated Authorised Public Accountant

MANAGEMENT COMMENTARY

Fund information

The limited partnership	LD Equity 3 K/S Gammeltorv 18 DK-1457 Copenhagen K Denmark
Contact information	E-mail: kontakt@majinvest.com Website: www.majinvest.com
CVR no.	29 81 00 36
Financial year	1 January – 31 December
Registered office	Copenhagen
General partner	LDE 3 ApS
Board of directors in LDE 3 ApS	Jan Hove Sørensen, chairman Tage Benjaminsen Michael Ahm Niels Toft
Manager	Maj Invest Equity A/S
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Osvald Helmuths Vej 4 DK-2000 Frederiksberg

MANAGEMENT COMMENTARY

KEY FIGURES AND RATIOS

'000 DKK	2013	2012	2011	2010	2009
Key figures					
Profit/loss					
Value adjustment of investments in portfolio companies	(16,262)	23,420	60,836	2,449	(20,562)
Operating profit/loss	(22,641)	15,222	45,017	(10,068)	(32,999)
Profit/loss for the year	(25,706)	11,017	42,852	(11,718)	(33,444)
Balance sheet					
Investments in portfolio companies	331,300	350,470	282,968	181,836	133,956
Total assets	340,595	363,884	288,607	190,039	146,444
Equity	340,325	339,481	288,328	155,848	119,678
Financial resources					
Cash	960	331	1,055	2,146	1,436
Remaining commitment	178,622	257,742	354,340	466,310	522,555
Total financial resources	179,582	258,073	355,395	468,456	523,991
Cash flow					
Cash flows from operating activities	34,800	48,610	8,088	(7,372)	(12,303)
Cash flows from investing activities	(36,667)	(113,523)	(65,053)	(47,560)	(68,355)
Cash flows from financing activities	2,496	64,189	55,874	55,642	80,235
Net change in cash	629	(724)	(1,091)	710	(423)
Ratios					
Equity ratio	100%	93%	100%	82%	82%
Paid-in capital to committed capital (%)	75%	64%	50%	34%	26%

MANAGEMENT COMMENTARY

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Maj Invest Equity

Maj Invest Equity was set up as a business activity of Fondsmæglerselskabet Maj Invest A/S (MI) in 2005. MI has two core business activities: asset management and private equity. Maj Invest Asset Management provides advisory services regarding asset allocation and investment management in respect of listed equities, and Maj Invest Equity provides investment advisory services to private equity funds investing in unlisted equities in Denmark and abroad.

Maj Invest Equity builds on years' of experience and knowledge from small-cap investments in listed and unlisted Danish companies and provides advisory services in respect of four private equity funds, LD Equity 1 K/S, LD Equity 2 K/S, LD Equity 3 K/S and Maj Invest Equity 4 K/S. Investment advisory services are also provided through Maj Invest Equity International to three private equity funds, one investing in companies in Vietnam, one in microfinance institutions in Asia, Africa and Latin America and one fund investing in energy and fertilizer factories in developing countries.

LD Equity 3 K/S – investment policy and value creation philosophy

LD Equity 3 K/S (LD Equity 3) acts as active owners and is both minority and majority owners. LD Equity 3 has invested in Danish business entities with growth potential and expansion possibilities, primarily in entities with revenues between DKK 10 million and DKK 100 million at the time of investment, first and foremost in trade, industry and various service trades.

LD Equity 3 was established as a limited partnership and is owned by a number of Danish investors. The investors have entered into a limited partnership agreement.

Investment policy

LD Equity 3's investment policy focuses on investments in Danish business entities in which long-term operational value can be created either following a generation change or

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through injection of capital. The investment policy is based on some fundamental investment criteria:

- Considerable potential for operational and industrial value creation.
- Strong, flexible management and an organisation with a proactive approach to change.
- Established market position in an established market.
- Focus and competencies designed to create a distinct competitive edge.
- Effective performance of existing business model.
- Owners and management agree on sound, thought-through strategy and business plan.
- LD Equity 3 has potential for exercising influence and creating value.
- Reliable financial reporting.

LD Equity 3's approach is that one investor in the portfolio company must always assume the primary owner-related initiative and responsibility; that there is a close dialogue and agreement between owners and management in respect of focus and targets; and that the competencies and resources required are always available. Active ownership is therefore a precondition. Consequently, LD Equity 3 must as owners – either alone or in collaboration with co-owners – formulate clear objectives in respect of ownership and ensure that an optimal framework is always provided for the company to develop and realise its full potential.

Value creation philosophy

The value creation principles in respect of the companies in which LD Equity 3 invests build on industrial value creation, patience and long-term approach to ownership and the involvement of experienced business executives in order to realise the principles which may be summarised as follows:

- Prioritised focus on long-term industrial and operational value creation.
- Primary focus on managed, profitable organic development.

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- Moderate debt leverage.
- Longer average holding period than usual in private equity.
- Ensuring long-term thinking and perspective.
- Avoiding unnecessary strain and stress on business entities.
- Involving experienced and competent business executives in the exercise of ownership (on the board) to ensure industrial value creation focus.

LD Equity 3 lays decisive emphasis upon each individual investment being supported by a sound and well-advised strategy and business plan for the business entity and that owners and management agree on such strategy and plan. LD Equity 3 does not create value primarily through borrowing, and, basically, companies will not be indebted at a level that would prevent optimal strategic development or which would otherwise jeopardise their financial flexibility.

One of the fundamentals of the investment policy is that company management invests together with LD Equity 3.

Investment activities also draw on the expertise of Maj Invest Equity's broad network of business executives. This network is expanded currently to consist of highly qualified people in all relevant lines of business and fields of expertise.

LD Equity 3's use of business partners stretches from the identification and analysis of an investment opportunity via ad-hoc assignments in the portfolio companies in relation to strategic development, major acquisitions or other initiatives and to the running of such companies through active board membership. As a general rule LD Equity 3's business partners also invest in the portfolio companies in which they are involved.

LD Equity 3 is entitled to appoint board members in the individual portfolio companies. A partner and an investment manager from Maj Invest Equity A/S (the Manager) will partici-

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pate in the work of the board of directors of each individual portfolio company, either as a board member or as an observer. The strategic and operational management of the particular portfolio company is handled through the board of directors and the executive management and there is thus a clear delegation of responsibilities between the owners, the board of directors and the executive management. Often a partner and one of the Manager's investment managers will assist the management of the particular portfolio company in connection with acquisitions or divestments, negotiations with and handling of relations with finance partners, the recruitment of key management personnel and the appointment of advisers for special assignments in the particular portfolio company.

LD Equity 3 closely monitors investments and does its utmost to contribute to the development of the portfolio companies to ensure that their value potential is realised. Exit possibilities are also currently monitored and assessed and so is any adjustment of the strategy to carry through exits as optimally as possible.

Maj Invest Equity Organisation

At year-end 2013, Maj Invest Equity consisted of six partners, one senior investment manager, six investment managers, two associates and analysts involved in investments as well as eight back-office staff involved in finance, legal matters and administrative duties.

The Maj Invest Equity management group includes:

Erik Holm, CEO, Managing Partner

He holds an MSc in Economics and Business Administration. He has been the CEO and Managing Partner of Maj Invest Equity since spring 2011. He was the CEO and group managing director of Dyrup A/S from 2006 to 2011, the CEO and group managing director of Louis Poulsen A/S from 1996 to 2006 and was recruited by the Louis Poulsen group back in 1981.

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Jan Hove Sørensen, Partner

He holds a degree in engineering and a Graduate Diploma in Business Administration (HD). He has been a partner in Maj Invest Equity since 2006. From 2003 to 2006 he was employed by the PA Consulting Group and was engaged in strategy, M&A and business development; in Oracle Corporation (1999–2003); in F.L. Smidth A/S (1991–98) and in Landis & Gyr A/S (1989–91).

Mads Andersen, Partner

He holds an MSc in Economics and Business Administration. He has been employed with Maj Invest Equity since 2008. He was appointed a partner of Maj Invest Equity in September 2013. He worked for the FL Group investment company from 2006 to 2007, and with M&A consultancy in FIH from 2004 to 2006 and in KPMG Corporate Finance from 1999 to 2004.

Niels Retbøll, Partner

He is a CFA Charterholder and has an MSc in Economics and Business Administration. He has been employed with Maj Invest Equity since 2006 and been a partner since 2010. He was previously a chief investment officer in Arkitekternes Pensionskasse (2000–06), a portfolio manager in BG Invest (1999–00), and he has investment banking experience from Nykredit (1998–99) and Bjørnskov & Co. Børsmæglerselskab A/S (1992–98), his last position in this company was as head of equities.

Niels Toft, Partner

He has an MSc in Economics and Business Administration and has been employed with Maj Invest Equity since 2005. He was involved in setting up Maj Invest Equity and has been a partner of Maj Invest Equity since 2008. From 1998 to 2005 he worked for Bain & Company in Stockholm with strategy consulting in the form of strategy and business development, operational improvement projects and commercial due-diligence.

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Per Høholt, Partner

He holds a Graduate Diploma in Business Administration (HD). He has been employed by Maj Invest Equity since 2009 and was appointed a partner of Maj Invest Equity in September 2013. He has been involved in M&A, strategic development, equity and bond issues, structured financing, syndicated lending and acquisition finance. He used to be a partner in Ernst & Young and before that he worked for a number of years in the financial sector.

Steffen Stæhr, CFO

He is a State Authorised Public Accountant. He has been the CFO of Maj Invest Equity and MI since the formation of the company back in 2005. He used to be the CFO and a partner of ATP Private Equity (2001–05), a CFO in the construction industry with Semco and M.T. Højgaard (1996–2001) and an accountant with Deloitte (1988–96). He is responsible for the finance and administration of the Maj Invest Equity funds.

Reference is made to the corporate website, www.majinvest.com, for a presentation of other Maj Invest Equity staff.

LD Equity 3 K/S

LD Equity 3 was established in January 2007 and had first closing on 20 March 2007. LD Equity 3 has a total capital commitment of DKK 707 million. The investment period of the fund expired in March 2012, and consequently no investments are now being made in new portfolio companies. Investments are solely follow-on investments to the extent required in the existing portfolio companies. On 31 December 2013, investors had paid DKK 528 million, or 75% of their capital commitments. The remaining capital commitment is DKK 179 million. LD Equity 3's equity amounted to DKK 340 million at 31 December 2013, matching an equity ratio of 100%. The fund has invested in 11 portfolio companies since its establishment, of which three have been sold. As of year-end 2013, LD Equity 3 has active investments in eight portfolio companies.

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Ownership

LD Equity 3 is owned by a number of Danish professional and institutional investors holding a stake of 99.6%. Maj Invest Equity Management and staff involved in investments as well as one of the external members of the fund's Investment Committee have all invested as special limited partners in LD Equity 3. Any profits earned by such special limited partners are subject to tax under current Danish tax rules. The special limited partners do not pay management fees and partnership formation costs to the fund.

Investors	Commitment DKKm	Interest in per cent
Pension Funds	305.0	43.14%
Other professional investors	399.0	56.44%
Management and staff in Maj Invest Equity	2.8	0.40%
Investment Committee	0.1	0.02%
	706.9	100.00%

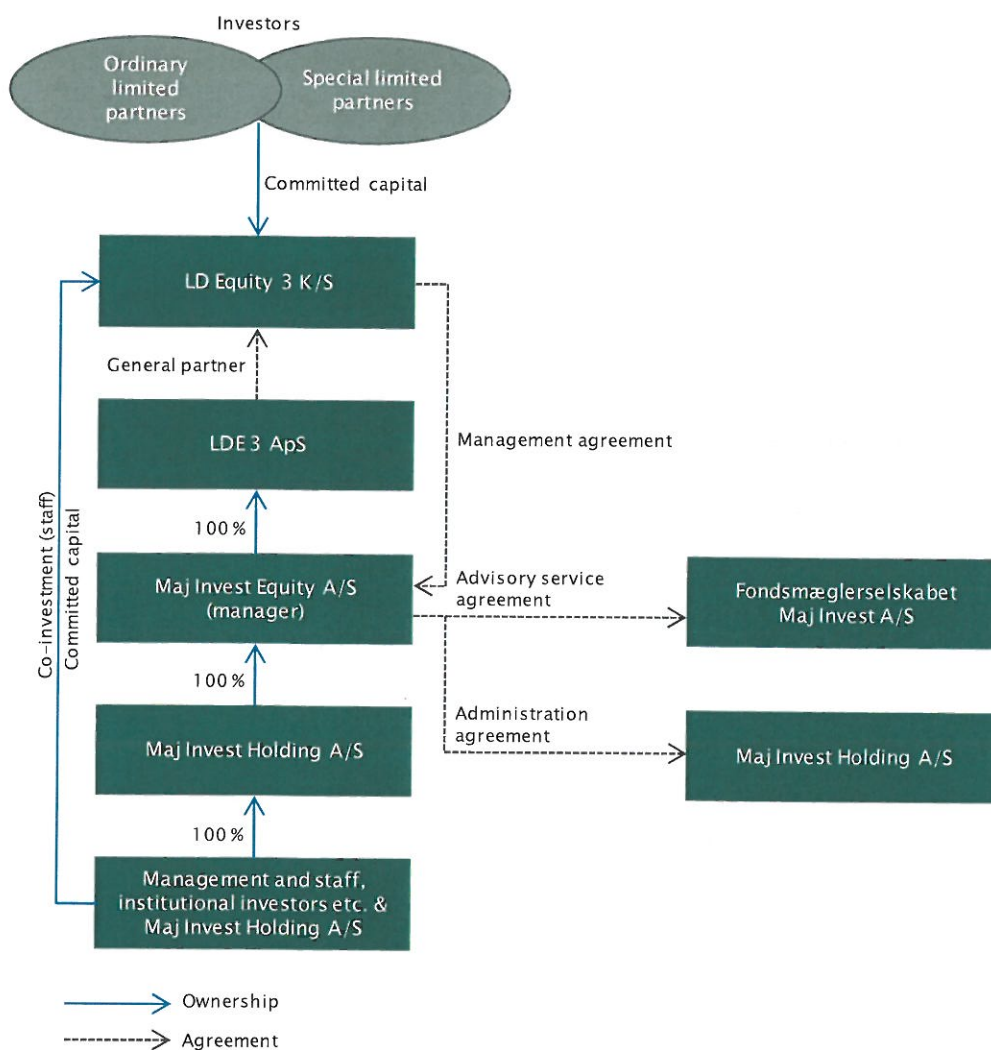
Legal structure

LD Equity 3 is a Danish limited partnership with a Danish private limited company as general partner. The general partner is managed by a board of directors consisting of two external members and two Maj Invest Equity partners. The general partner is a subsidiary of the Manager which is owned by Maj Invest Holding A/S (Maj Invest Holding).

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Legal structure of LD Equity 3



Under a management agreement, the Manager handles all investment-related and administrative tasks for LD Equity 3. Consequently, LD Equity 3 has no staff employed. The Manager has made an advisory service agreement with MI in respect of some of the investment-related tasks and an agreement with Maj Invest Holding in respect of administrative tasks.

Decision structure

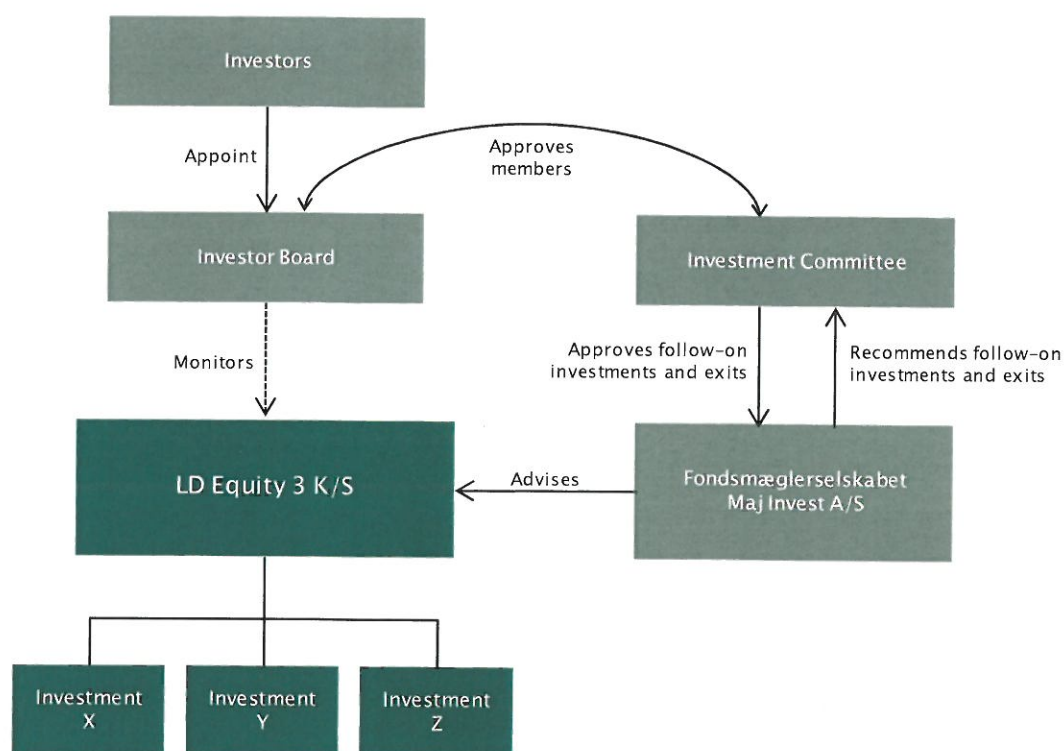
The investors in LD Equity 3 have set up an Investor Board with representatives appointed by the investors. The Investor Board acts as a supervisory body and currently monitors

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developments in the fund. The Investor Board also approves two of the five to seven members of the Investment Committee recommended by the general partner. The other members of the Investment Committee are appointed by the Manager.

Decision structure in LD Equity 3



The Investment Committee is responsible for deciding any investments in or divestments of portfolio companies in LD Equity 3 following a recommendation by Maj Invest Equity. The Investment Committee consists of five members – two experienced business executives approved by the Investor Board, and three members appointed by the Manager, namely the CEO of MI and two Equity partners. Reference is made to note 11, which shows any other executive functions or directorships held by investment committee members. Investments committee members do not participate in the particular companies and never invest in the portfolio companies in a discretionary manner.

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Performance fee

LD Equity 3 has been established with a management fee structure which is normal in relation to the private equity market. This means that the Manager receives a fixed management fee of 2% p.a. as well as a performance fee depending on the investors' returns on their investments.

Performance fee is payable if the returns on investments adjusted for costs exceed a predetermined hurdle rate of 8% p.a. The performance fee is calculated as 20% of investor profits over the predetermined hurdle rate. The fee is calculated and paid to the Manager quarterly from the date of expiry of the fund investment period, i.e. mid-March 2012. The calculation and payment of performance fees are subject to the approval of the Investor Board.

The Manager is obliged to pass on performance fees to MI, which is obliged to allocate minimum 50% of such fees to an agreed bonus scheme payable to Maj Invest Equity staff. MI's board of directors may use the remaining part of the performance fee for bonus payments, consolidation or other business development purposes.

Based on fund performance so far, no performance fees had been allocated or paid as at 31 December 2013.

Equity bonus scheme

Maj Invest Equity staff is entitled to a bonus scheme. The scheme is part of the agreement with investors in LD Equity 3. Maj Invest Equity staff participating in the bonus scheme has invested in the fund as special limited partners. As mentioned above, MI is obliged to allocate at least 50% of performance fees to the bonus scheme.

Any equity bonuses are paid to Maj Invest Equity staff based on a current allocation of points consisting of a fixed portion and a variable portion based on performance. Bonus

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is not paid by MI to Maj Invest Equity staff until after expiry of the fund, i.e. not until 2017 at the earliest. Bonuses will be paid out and taxed as personal income.

Fees

The table below shows fees received by the Board of Directors in the general partner, the Investor Board and the Investment Committee.

Management	Management fee 2013 (DKK)	Participation in LD Equity 3 bonus scheme	Investment in the fund
<i>Board of Directors, general partner</i>			
Jan Hove Sørensen (chairman)	Not paid	yes	yes
Niels Toft	Not paid	yes	yes
Michael Ahm	12,500	no	no
Svend Jakobsen 2)	12,500	no	no
Tage Benjaminsen	25,000	no	no
<i>Investor Board</i>			
	No paid	no	no
<i>Investment committee</i>			
Mogens Elsberg	100,000	no	yes
Steen Parsholt	100,000	no	no
Jeppe Christiansen	Not paid	yes 1)	yes
Jan Hove Sørensen	Not paid	yes	yes
Erik Holm	Not paid	yes 1)	yes

1) We refer to the mention of bonuses in the annual report for Maj Invest Holding A/S for 2013.

2) On 28 June 2013, Svend Jakobsen retired from the board of directors and Michael Ahm joined the board.

Reporting

One of the things governed by the limited partnership agreement is the aspect of reporting on fund activities, its development and financial position in relation to investors. The fund is obliged to report to its investors on a current basis:

- Quarterly reports on the financial situation, the development in individual investments and investment returns.
- Memoranda on investments.

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- Memoranda on exits.
- Annual reports.
- Replies to current investor queries.

The quarterly reports to investors will be prepared in compliance with the international guidelines in respect of "best practices" as stipulated in the International Private Equity and Venture Capital Investor Reporting Guidelines. Investments are valued at their fair values and in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Maj Invest Equity also acceded to the "Guidelines for Responsible Ownership and Corporate Governance in Capital Venture Funds in Denmark" drawn up by the DVCA.

Development in activities and the financial position

There has been an increase in the number of transactions since 2010, and 2013 was also characterised by high activity. The number of such transactions in 2014 is expected to be at the same level or slightly higher than in 2013.

Follow-on investments

In 2013, four follow-on investments have been made in existing portfolio companies. LD Equity 3 has acquired additional shares in Kærkommen Holding ApS. Furthermore, capital injections have been made to Kærkommen ApS, pierre.dk Autolakering A/S and SubCPartner A/S according to prior agreement.

Exits:

LD Equity 3 disposed one investment in 2013: the Biblioteksmedier portfolio company preparing and distributing books and AV-materials to the Danish libraries was sold in January.

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Profit/loss for the year

The bottom-line for 2013 is a loss of DKK 26 million (against a profit in 2012 of DKK 11 million). The result does not meet expectations. 2013 has been affected by negative value adjustment of investments of net DKK -61 million (negative effect of DKK 36 million in 2012) and dividends received of DKK 44 million (2012: DKK 59 million).

Development in portfolio companies in 2013

BLIP Systems A/S

BLIP Systems is a mobile technology company that develops and sells leading Bluetooth and WI-FI tracking technology solutions. The solutions are primarily used for passenger tracking in larger airports and train stations and to document car travel times and traffic flow patterns for public transportation and road surveillance companies. In 2013, the company has realised a significant increase in revenue and a minor improvement in earnings compared to last year but, however, on a lower level than expected due to delays in large projects. Management expects an increase in revenue and operating profit in 2014.

Realtime A/S

Realtime provides mobile communities and entertainment services to mobile operators worldwide. The company's customer base consists of more than 50 telecom operators, primarily in Europe, Africa and particularly Latin-America and serves their customers with community services, including chat, competitions, games, dating etc. In 2013, the company has realised a decrease in revenue and earnings compared to 2012 due to lower activity primarily in Latin-America than expected. Management expects an increase in revenue and operating profit in 2014.

Solum A/S

Solum is operating within environmental services and development of cleantech technologies. The company has two business areas A) Recycling of industrial and green waste

MANAGEMENT COMMENTARY

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from own and temporary treatment sites in Denmark B) Project development, sales and operation of biomass plants, through anerobic digestion of solid municipal waste. The 2013 revenue is in line with last year while earnings have increased significantly and are positive. The operational improvement is due to strong activity in the traditional recycling activities and a cost reduction in the project development activity. The financial performance in 2014 is expected to be in line with 2013.

Kærkommen ApS

Kærkommen is the leading privately owned provider of personal care and help for elderly and disabled citizens in Denmark. The company has offices in Copenhagen and in the Northern Jutland and serves more than 4,500 citizens and 21 public municipalities. In 2013, revenue has declined, and earnings are negative, mainly due to significant spending cuts in the public sector and delays in public tenders being issued. In November 2013, Kærkommen won the public tender in Copenhagen and the company is well prepared for the upcoming public tenders being issued across several municipalities in Denmark in 2014. Management expects higher revenue and a positive operating profit for 2014.

pierre.dk Autolakering A/S

pierre.dk Autolakering is the leading automotive painting company in Denmark. The company cooperates with large auto repair garages and professional car dealers within the business-to-business market. During the last two years, the company has further expanded its activities in Sweden. In 2012/13, pierre.dk Autolakering has realised a positive growth in revenue and earnings, mainly due to new customers and minor acquisitions in Sweden. Management expects continuous growth in revenue and earnings for 2013/14.

R2 Group Invest A/S

R2 Group Invest is a trading and distribution company, focusing on speciality ingredients. The company operates within four core business units: Consume (food industry), Chemi-

MANAGEMENT COMMENTARY

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cals, Pharmactive (pharmaceutical industry) and Agro (animal feed). R2 Group Invest mainly sells its products in the Northern European market, of which 70% of revenue comes from Danish clients. In 2013, the company has realised revenue and operating profit at a lower level than expected but operating profit at a higher level compared to last year. Management expects a positive trend in revenue and earnings for 2014.

JKF Industri A/S

JKF Industri is a leading manufacturer of components and systems for process ventilation and air filtration for industrial use. The company has production facilities and sale organisations in Denmark, Poland and Malaysia and sells primarily to customers (installers and distributors) in Western Europe. JKF Industri has achieved a small increase in revenue and operating profit in 2012/13 compared to last year. Management expects continuous growth in revenue and operating profit for 2013/14.

SubCPartner A/S

SubCPartner offers inspection, maintenance and repair work on offshore wind mill installations as well as repair work and manufacture of special constructions and process equipment for the offshore oil and gas industry. The company mainly operates in the Nordics and the UK but serves other geographies as well. The company saw a slight increase in revenue in 2013, but a decrease in the operating profits compared to 2012. The operating profits decreased due to delay of a number of offshore project contracts. Due to high activity, the company has expanded its facilities on Esbjerg harbour, within oil and gas during 2013, and this, combined with a strong pipeline, provide for a positive outlook for growth in revenue and earnings during 2014.

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MANAGEMENT COMMENTARY

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Capital resources

LD Equity 3 is able to finance investments and follow-on investments from the time of investment and up to one year through bridge financing from financial institutions. A bridge loan must be repaid in connection with a capital call from investors. As mentioned above, the remaining capital commitment as at 31 December 2013 in the fund is DKK 179 million (DKK 258 million at 31 December 2012). Of the remaining committed capital, DKK 1 million has been allocated to specific purposes and will be called from the investors in 2014.

Financial risks

The objective of LD Equity 3 is to invest in portfolio companies and create value in such companies. The major risk factor is therefore the failure to create value in the underlying portfolio companies. General economic trends, financing opportunities and trends in interest levels have a tremendous impact on the potential for value creation in the portfolio companies and consequently also the future value of LD Equity 3's investments.

Uncertainties relating to recognition and measurement in the financial statements

Interests in portfolio companies are valued at their fair values, see under Accounting policies. The valuation includes accounting estimates and such valuation is therefore subject to some uncertainty.

Consolidated financial statements

LD Equity 3 is a private equity fund, which under the limited partnership agreement with investors is exclusively to acquire interests in individual companies for the purpose of value creation, thereby contributing to the development of the particular portfolio companies and subsequently realising the value growth through a sale within a limited ownership period. Each investment in a portfolio company is assessed and developed individually, and there are no mutual relations or interdependence between portfolio companies.

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Consequently, management finds that consolidated financial statements would not provide a true and fair view of LD Equity 3's activities, and these activities have therefore not been included in the annual report. This approach is in line with that of most private equity funds in Europe.

Events after the balance sheet day

There have been no events after the balance sheet day and to date that materially affect the assessment of the annual report.

AIFM directive

The Manager of LD Equity 3, Maj Invest Equity A/S, is subject to the Danish Act on Alternative Investments Fund Managers (in Danish: lov om forvaltere af alternative investeringsfonde) (FAIF). Before 22 July 2014, the Manager will apply for a license from the Danish FSA (in Danish: Finanstilsynet) to act as a manager (in Danish: forvalter). The overall fund, company and agreement set-ups will be unaltered. The Management, Advisory Service and Administration Agreements will be updated to reflect the new regulatory framework applicable to the Maj Invest Equity A/S, including requirements in respect of policies on salary, conflict of interests, risk management, delegation and functional separation, which largely correspond to the current rules and regulations applicable to the investment advisor, MI. LD Equity 3 is fully invested and therefore no depositary will be appointed to the fund.

Outlook for 2014

At the beginning of 2014, market conditions for the portfolio companies have generally improved, and LD Equity 3 expects economic growth and an improved market situation for most of the portfolio companies.

For 2014, continued improvement in earnings is forecast for the portfolio companies, first and foremost driven by a range of initiatives introduced from 2011 through 2013 and de-

MANAGEMENT COMMENTARY

BUSINESS REVIEW

signed to create growth in revenue and capture market shares. LD Equity 3 will continue the focus on finding new paths to growth through new thinking and the breaking of new and untested ground.

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

GENERAL

The annual report for LD Equity 3 for 2013 is prepared in accordance with the provisions of the Danish Financial Statements Act for reporting class C (medium-sized) entities with the necessary adjustments considering that the company is a limited partnership, whose activity is private equity. Investments in portfolio companies are recognised in compliance with the International Private Equity and Venture Capital Valuation Guidelines, drawn by the IPEV Board.

As the private equity business carried on by LD Equity 3 is structured so that investing activities are the principal activity of each entity, the limited partnership measures investments and related financial liabilities at their fair values in accordance with section 38 of the Danish Financial Statements Act.

In order to achieve a true and fair view of operations of the limited partnership, the presentation of the income statement has been changed compared with the reporting form shown in schedule 2 of the Danish Financial Statements Act. Value adjustment of investments in portfolio companies is presented as an item under operating profit/loss.

As mentioned in the Management commentary the limited partnership has not prepared consolidated financial statements.

The accounting policies are the same as last year.

Recognition and measurement

All income and expenses relating to the financial year are recognised in the income statement regardless of time of payment. Value adjustments in respect of investments in portfolio companies, which are measured at fair value, are also recognised in the income statement.

Assets are recognised in the balance sheet, if, in all probability, future economic benefits will flow to the limited partnership, and the value of such assets can be measured reliably.

Liabilities are recognised in the balance sheet, if, in all probability, future economic benefits will flow out of the limited partnership, and the value of such liabilities can be measured reliably.

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

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Recognition and measurement of assets and liabilities have taken into account any information available after the balance sheet date but before the presentation of the financial statements, either affirming or not affirming conditions existing on the balance sheet date.

Foreign currency translation

Transactions in foreign currencies are translated into Danish kroner using the exchange rates applicable on the transaction date. Assets and liabilities in foreign currencies are translated into Danish kroner using the rates on the balance sheet date.

INCOME STATEMENT

Value adjustment of investments in portfolio companies

Gains/losses on investments and value adjustments of investments in and receivables from portfolio companies are recognised in the income statement. Interest received on loans to and dividends received from portfolio companies are also recognised under "Value adjustment of investments in portfolio companies".

Administrative expenses

Administrative expenses mainly consist of management fees, the limited partnership's portion of broken deal costs, partnership formation costs and other administrative expenses.

Financial income and expenses

Financial income and expenses include interest on bank deposits, interest on bridge loans and interest on loans provided by the general partner "LDE 3 ApS".

Tax

LD Equity 3 is not an independent entity liable to pay tax, and consequently, no provision for tax on profits has been made in the financial statements. However, tax withheld on the payment of dividends by the subsidiaries is recognised in the income statement.

Any taxes withheld on dividends relating to investors liable to pay corporation tax and investors liable to pay personal income tax is recognised under tax. Any taxes withheld on dividends relating to investors liable to pay tax on returns from pension scheme assets may be recoverable and such amounts have therefore been transferred to the capital account of the particular investors.

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

BALANCE SHEET

ASSETS

Investments in portfolio companies

On initial recognition, investments in portfolio companies are measured at cost, with the addition of transaction costs. On subsequent recognition, investments are measured at fair value. Value adjustments are recognised in the income statement.

The fair values of investments in portfolio companies made within the past 12 months are based on cost, with the addition of transaction costs unless available information indicates that significant value adjustments are to be made.

The fair value of investments in portfolio companies that have been in LD Equity 3's possession for more than 12 months are measured at the most recent market price, for instance in the form of an expansion of capital or a partial sale based on the values of comparable companies or through the use of traditional valuation methods, such as EV/EBITDA, P/E, EV/EBIT, P/B.

If the fair value assessment is not reliable, investments will be measured at cost, with the addition of transaction costs.

Receivables

Receivables from portfolio companies in the form of loans are recognised as receivables and measured at fair value.

Other receivables are measured at the lower of amortised cost or net realisable value, which usually corresponds to the nominal value less write-downs for bad debts. Write-downs for bad debts are determined on the basis of an assessment of the individual receivables.

Prepayments

Prepayments recognised under assets mainly consist of prepaid management fees.

Cash

Cash includes deposits with financial institutions.

LIABILITIES

Financial liabilities

Bank loans regarding bridge financing are measured at fair value.

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Other liabilities are measured at amortised cost, usually corresponding to the nominal value.

CASH FLOW STATEMENT

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as the year's movements in cash flows and the limited partnership's cash at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities include the net profit or loss for the year, adjusted for changes in working capital and non-cash operating items, such as value adjustments of investments in portfolio companies and provisions. The working capital includes current assets less short-term liabilities, exclusive of items included in cash and bank loans.

Cash flows from investing activities

Cash flows from investing activities include payments in respect of acquisitions or divestments of portfolio companies.

Cash flows from financing activities

Cash flows from financing activities include payments to and from limited partners as well as any changes in bank loans.

FINANCIAL STATEMENTS

INCOME STATEMENT

'000 DKK	Note	2013	2012
Value adjustment of investments in portfolio companies	1	(16,262)	23,420
Administrative expenses		(6,379)	(8,198)
Operating profit/loss		(22,641)	15,222
Financial income	2	–	–
Financial expenses	3	(1,067)	(1,493)
Profit/loss before tax		(23,708)	13,729
Dividend tax		(1,998)	(2,712)
Profit/loss for the year		(25,706)	11,017
Proposed distribution of net profit/loss			
Retained earnings		(25,706)	11,017
		(25,706)	11,017

FINANCIAL STATEMENTS

BALANCE SHEET

'000 DKK	Note	31/12/2013	31/12/2012
ASSETS			
Investments in portfolio companies	4	331,300	350,470
Receivables from portfolio companies	5	4,902	9,863
Total investments		336,202	360,333
Total non-current assets		336,202	360,333
Prepayments		3,433	3,220
Total receivables		3,433	3,220
Cash		960	331
Total current assets		4,393	3,551
Total assets		340,595	363,884
EQUITY AND LIABILITIES			
Paid-in capital		521,215	442,095
Distributions		(138,448)	(85,876)
Retained earnings		(42,442)	(16,737)
Total equity	6	340,325	339,481
Debt to general partner		125	125
Total long-term liabilities		125	125
Debt to banks		–	24,053
Debt to general partner		50	50
Other payables		95	175
Total short-term liabilities		145	24,278
Total liabilities		270	24,403
Total equity and liabilities		340,595	363,884
Contingent liabilities etc.	9		
Other notes	10–11		

FINANCIAL STATEMENTS

CASH FLOW STATEMENT

'000 DKK	Note	2013	2012
Profit/loss for the year		(25,706)	11,017
Adjustments	7	63,862	40,364
Change in working capital	8	(291)	1,434
Cash flows from operating activities before net financials		37,865	52,815
Financial income		–	–
Financial expenses		(1,067)	(1,493)
Paid dividend tax		(1,998)	(2,712)
Cash flows from operating activities		34,800	48,610
Purchase of investments in portfolio companies		(41,850)	(103,660)
Changes in loan to portfolio companies		4,961	(9,863)
Disposals of portfolio companies		222	–
Cash flows from investing activities		(36,667)	(113,523)
Paid-in capital from limited partners		79,121	96,597
Distributions to limited partners		(52,572)	(56,461)
Changes in bank loans		(24,053)	24,053
Cash flows from financing activities		2,496	64,189
Cash flows for the year, net		629	(724)
Cash at the beginning of the year		331	1,055
Cash at the end of the year		960	331

FINANCIAL STATEMENTS

NOTES

'000 DKK	2013	2012
NOTE 1 Value adjustment of investments in portfolio companies		
Dividends received from portfolio companies	43,595	59,173
Interests on loans to portfolio companies	940	406
Realised loss in portfolio companies	(167)	-
Unrealised value adjustments	(60,630)	(36,159)
	<u>(16,262)</u>	<u>23,420</u>
NOTE 2 Financial income		
Other financial income	-	-
	<u>-</u>	<u>-</u>
NOTE 3 Financial expenses		
Financial expenses, general partner	50	50
Other financial expenses	1,017	1,443
	<u>1,067</u>	<u>1,493</u>
NOTE 4 Investments in portfolio companies		
	<u>31/12/2013</u>	<u>31/12/2012</u>
Cost at 01/01	370,929	267,269
Additions during the year	41,850	103,660
Disposals during the year	(390)	-
Cost at 31/12	<u>412,389</u>	<u>370,929</u>
Value adjustments 01/01	(20,459)	15,699
Value adjustments during the year	(60,630)	(36,159)
Value adjustments at 31/12	<u>(81,089)</u>	<u>(20,459)</u>
Carrying amount at 31/12	<u>331,300</u>	<u>350,470</u>

FINANCIAL STATEMENTS

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'000 DKK

NOTE 4 Investments in portfolio companies (continued)

Name of investments in portfolio companies	Registered office	Owner-ship interest	Share capital	Equity	Profit/loss for the year
Subsidiaries *)					
LDETRE Holding 1 ApS – (<i>BLIP Systems</i>)	Copenhagen	100%	170	7,037	(10)
LDETRE Holding 2 ApS – (<i>formerly BARTO Holding</i>)	Copenhagen	100%	150	(4,236)	(8)
LDETRE Holding 3 ApS – (<i>Solum</i>)	Copenhagen	100%	145	22,492	(4)
LDETRE Holding 4 ApS – (<i>formerly Biblioteksmedier</i>)	Copenhagen	100%	135	10,781	2,591
LDETRE Holding 5 ApS i likvidation – (<i>formerly SSG</i>)	Copenhagen	100%	135	1,742	32,135
LDETRE Holding 6 ApS – (<i>Realtime</i>)	Copenhagen	100%	140	27,394	1,110
LDETRE Holding 7 ApS – (<i>Kærkommen</i>)	Copenhagen	100%	155	28,618	(10)
LDETRE Holding 9 ApS – (<i>pierre.dk Autolakering</i>)	Copenhagen	100%	135	45,054	(24)
LDETRE Holding 11 ApS – (<i>R2 Group</i>)	Copenhagen	100%	155	74,346	(10)
LDETRE Holding 12 ApS – (<i>JKF Industri</i>)	Copenhagen	100%	150	41,742	(10)
LDETRE Holding 14 ApS – (<i>SubC Partner</i>)	Copenhagen	100%	135	15,838	(25)

Share capital, equity and profit/loss for the year are from the annual reports 2012 which are the latest annual reports published. The latest annual report published for LDETRE Holding 9 ApS is for the financial year 2012/13 and the latest annual report for LDETRE Holding 12 ApS is for the financial year 2011/12.

*) The portfolio company is listed in parantheses after the subsidiary's name.

FINANCIAL STATEMENTS

NOTES

'000 DKK	31/12/2013	31/12/2012
NOTE 5 Receivables from portfolio companies		
Cost at 01/01	14,294	4,431
Additions during the year	6,014	9,863
Disposals during the year	(10,975)	-
Cost at 31/12	9,333	14,294
Value adjustments at 01/01	(4,431)	(4,431)
Value adjustments during the year	-	-
Value adjustments at 31/12	(4,431)	(4,431)
Carrying amount at 31/12	4,902	9,863

2013

NOTE 6 Equity

31/12/2013

Equity at beginning of year	339,481
Paid-in capital from limited partners	79,121
Distributions to limited partners	(52,572)
Retained earnings	(25,706)
Equity at end year	340,325

31/12/2012

Equity at beginning of year	288,328
Paid-in capital from limited partners	96,597
Distributions to limited partners	(56,461)
Retained earnings	11,017
Equity at end year	339,481

FINANCIAL STATEMENTS

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'000 DKK	2013
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NOTE 6 Equity (continued)

31/12/2011:

Equity at beginning of year	155,848
Paid-in capital from limited partners	113,250
Distributions to limited partners	(23,622)
Retained earnings	42,852
Equity at end year	288,328

31/12/2010:

Equity at beginning of year	119,678
Paid-in capital from limited partners	53,682
Distributions to limited partners	(5,794)
Retained earnings	(11,718)
Equity at end year	155,848

31/12/2009:

Equity at beginning of year	98,887
Paid-in capital from limited partners	54,235
Distributions to limited partners	-
Retained earnings	(33,444)
Equity at end year	119,678

31/12/2013

31/12/2012

The limited partners are liable for their share
of the remaining commitment

178,622

257,742

FINANCIAL STATEMENTS

NOTES

'000 DKK	2013	2012
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NOTE 7 Cash flow statement – adjustments

Financial income	–	–
Financial expenses	1,067	1,493
Paid dividend tax	1,998	2,712
Realised value adjustments	167	–
Unrealised value adjustments in portfolio companies	60,630	36,159
	<u>63,862</u>	<u>40,364</u>

NOTE 8 Cash flow statement – change in working capital

Change in receivables	(213)	1,364
Change in other short-term liabilities	(78)	70
	<u>(291)</u>	<u>1,434</u>

NOTE 9 Contingent liabilities etc.

Contingent liabilities

LD Equity 3 has entered into a management agreement with Maj Invest Equity for the Manager's administration of LD Equity 3 as well as the provision of investment advisory services to LD Equity 3. On termination, LD Equity 3 may in certain circumstances be obliged to pay management fees for a 18-month period. At 31 December 2013, the fee payable amounted to app. DKK 10 million (at 31 December 2012 app. DKK 10 million), such management fee being gradually reduced.

LD Equity 3 has in certain circumstances agreed to infuse up to DKK 12 million for the use of the portfolio companies.

In some cases, LD Equity 3's underlying holding companies are obliged to buy additional equities or options in the portfolio companies. In such cases, the limited partners may be required to contribute capital.

NOTE 10 Related parties

No related parties have controlling interest on LD Equity 3.

Related parties include the general partner "LDE 3 ApS", Maj Invest Equity and also the board of directors of the general partner. The directors Jan Hove Sørensen and Niels Toft are special limited partners in LD Equity 3.

In addition to this, no limited partners have significant influence.

FINANCIAL STATEMENTS

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NOTE 11 Board of directors and Investment Committee

Board of directors of the general partner:

Jan Hove Sørensen

Director of:

Maj Invest Equity A/S and Hove & Company ApS. In addition, directorship or managing director of several holding companies owned by LD Equity 2 K/S and LD Equity 3 K/S.

Chairman of:

Unwire Holding ApS, Unwire ApS, Ellegaard Göttingen Minipigs A/S, SubCpartner A/S, Kærkommen KBH ApS, Kærkommen ApS and Kærkommen Holding ApS.

Board member of:

R2 Group A/S, R2 Group Invest A/S, Alpha-Elektronik A/S, Ellegaard Minipigs Holding A/S, Atchikrealtime Holding ApS, Realtime A/S, pierre.dk Autolakering A/S, pierre.dk Investment ApS, R2 Agro A/S, Oreco A/S, Oreco Venture ApS and LDE 2 ApS (general partner of LD Equity 2 K/S).

Member of Investment Committee of:

Maj Invest Equity 4 K/S.

Tage Benjaminsen

Director of:

Benjaminsen Invest ApS.

Chairman of:

Kristensen Properties A/S, Kristensen Partners IV A/S (Kristensen Germany A/S), Kristensen Germany AG, Kristensen Salzgitter AG og Kristensen City-Immobilien I AG.

Board member of:

LDE 1 ApS (general partner of LD Equity 1 K/S), LDE 2 ApS (general partner of LD Equity 2 K/S), Kristensen Fund & Asset Management A/S, Kristensen Management A/S, K/S Kristensen Partners I, Kristensen Partners III A/S and Benjaminsen Invest ApS.

Michael Ahm

Board member of:

LDE 1 ApS (general partner of Equity 1 K/S), LDE 2 ApS (general partner of LD Equity 2 K/S) and Coop Bank A/S.

FINANCIAL STATEMENTS

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NOTE 11 Board of directors and Investment Committee (continued)

Niels Toft

Director of:

Maj Invest Equity A/S. In addition, directorship or managing director of several holding companies owned by LD Equity 2 K/S, LD Equity 3 K/S and Maj Invest Equity 4 K/S.

Chairman of:

LDE 2 ApS (general partner of LD Equity 2 K/S).

Board member of:

LDE 1 ApS (general partner of LD Equity 1 K/S), Bramming Plast-Industri A/S, JKF Industri A/S, Da'Core Holding A/S, Da'Core A/S, PF Group A/S and A/S Maskinfabrikken PCP.

Member of Investment Committee of:

Maj Invest Equity 4 K/S.

Investment Committee:

Mogens Elsberg

Director of:

Domo ApS.

Chairman of:

Pensio A/S and Sigma Estimates A/S.

Board member of:

Tømmerhandler Johannes Fogs Fond and Globeteam A/S.

Steen Parsholt

Director of:

Bogani ApS.

Chairman of:

Ejendomsselskabet Vestio A/S, Holberg Fenger Holding A/S, Holberg Fenger Administration A/S, Holberg Fenger Gruppen A/S, Holberg Fenger Invest A/S, Indertofte ApS and Gruppen Service A/S.

Board member of:

Advis A/S, Unwire ApS, Unwire Holding ApS, SFK Systems A/S, Altius Invest A/S, Landic Property Bonds I A/S, Keops Security A/S, Ejendomsselskabet August 2003 A/S and Brødrene Hartmann A/S.

Member of Investment Committee of:

LD Equity 1 K/S.

FINANCIAL STATEMENTS

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NOTE 11 Board of directors and Investment Committee (continued)

Jeppe Christiansen

CEO of:

Fondsmæglerselskabet Maj Invest A/S, Maj Invest Holding A/S, Danish Microfinance Partners Management ApS and Emlika ApS.

Chairman of:

Maj Invest Equity A/S.

Vice chairman of:

Novo Nordisk A/S.

Board member of:

Kirkbi A/S, Symphogen A/S, Novo A/S and Haldor Topsøe A/S.

Member of Investment Committee of:

LD Equity 1 K/S, LD Equity 2 K/S, LD Invest Vietnam K/S, Danish Microfinance Partners K/S, Maj Invest Equity 4 K/S and Triton Industry Board.

Erik Holm

CEO of:

Maj Invest Equity A/S.

Director of:

Fondsmæglerselskabet Maj Invest A/S, Maj Invest Holding A/S, Erik Holm Holding ApS and Interbuild ApS.

Chairman of:

Sticks 'N' Sushi A/S, Sticks 'N' Sushi Holding A/S, Vega Sea A/S, Vernal A/S and KK-Group A/S.

Vice chairman of:

Arvid Nilssons Fond, SP Group A/S and SP Moulding A/S.

Board member of:

Lilleheden A/S, Plus A/S, Fonden Maj Invest Equity General Partner, Genan A/S Genan Business & Development A/S, Brødrene A. & O. Johansen A/S, AO Invest A/S, Palsgaard Gruppen A/S and Maj Invest Equity A/S.

Member of Investment Committee of:

LD Equity 1 K/S, LD Equity 2 K/S, Maj Invest Equity 4 K/S and LD Invest Vietnam K/S.

FINANCIAL STATEMENTS

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NOTE 11 Board of directors and Investment Committee (continued)

Jan Hove Sørensen

Director of:

Maj Invest Equity A/S and Hove & Company ApS. In addition, directorship or managing director of several holding companies owned by LD Equity 2 K/S and LD Equity 3 K/S.

Chairman of:

Unwire Holding ApS, Unwire ApS, Ellegaard Göttingen Minipigs A/S, SubCpartner A/S, Kærkommen KBH ApS, Kærkommen ApS and Kærkommen Holding ApS.

Board member of:

R2 Group A/S, R2 Group Invest A/S, Alpha-Elektronik A/S, Ellegaard Minipigs Holding A/S, Atchikrealtime Holding ApS, Realtime A/S, pierre.dk Autolakering A/S, pierre.dk Investment ApS, R2 Agro A/S, Oreco A/S, Oreco Venture ApS and LDE 2 ApS (general partner of LD Equity 2 K/S).

Member of Investment Committee of:

Maj Invest Equity 4 K/S.